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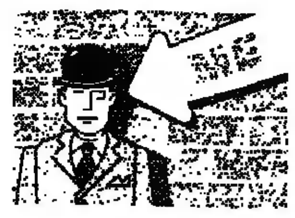

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FINANCIAL TIMES

Europe's Business Newspaper — MONDAY MARCH 21 1994

Militant Kurds stage violent German protests

About 6,000 militant Kurds went on the rampage in the southern German town of Augsburg and on a nearby motorway after authorities barred them from holding a rally. Protesters commandeered several buses, blocking the motorway, and poured fuel on the asphalt and set it alight. Other demonstrators, supporters of the banned Kurdistan Worker's Party (PKK), blocked intersections in Augsburg and threw firebombs, police said. Kurds also set fire to a train car in Wiesbaden, and held demonstrations in Berlin. Police said in all about 30 protesters were arrested and 85 police officers injured. Germany banned the PKK in November, saying its members used violence.

Crédit Lyonnais rescue package: The French government is reported to be ready to inject about FFr4bn ($660m) of fresh capital into Crédit Lyonnais in a rescue package for the state owned bank, expected this week. Page 15

Main parties hit in German poll: Both Germany's main political parties, Chancellor Helmut Kohl's Christian Democrats, and the opposition Social Democrats, suffered a significant loss of support in local elections in the northern state of Schleswig-Holstein. Page 15

Ireland backs temporary IRA ceasefire

The Irish government sought to breathe fresh life into the Northern Ireland peace process with deputy prime minister Dick Spring saying a temporary ceasefire by the IRA would be "a step in the right direction". The decision to encourage a temporary ceasefire contrasts with the previous approach in both London and Dublin of concentrating on the prospects for a permanent cessation of violence. Page 14

EU enlargement threatens UK split: The prospects of a damaging split in Britain's Conservative party over enlargement of the European Union increased as opinion hardened on both sides of the English Channel ahead of a crucial meeting tomorrow in Brussels. Page 15

Privatisation alliance: An alliance between merchant bank Kleinwort Benson and BZW, investment-banking arm of Barclays Bank, is bidding to advise the government on electricity privatisation, a move which could mark the start of a trend. Page 15

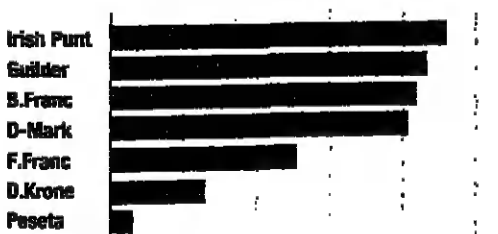
The meaning of 'm': Two British businessmen are threatening to sue Union Bank of Switzerland after one of its Swiss branch managers supplied a reference saying that a customer was good for £18m, but later insisted that it had meant £18,000. The manager said "m" refers to "mille" in Switzerland, not millions. Page 7

Apec seeks economic alliance: The 18 finance ministers of the Asia-Pacific Economic Co-operation forum took a tentative step toward an economic alliance. Page 5

El Salvador holds elections: Salvadorans voted in historic elections with leftist former rebels and the ruling right-wing party both predicting victory in their first electoral battle after 12 years of civil war. Page 5

European Monetary System: The D-Mark last week again slipped below the Belgian franc to fourth spot in the EMS grid. The Irish punt remains the strongest currency and the Portuguese escudo the weakest. The French franc and the Danish krone both weakened leaving a fairly clear divide between the top and bottom four currencies. Currencies, Page 27

EMS: Grid March 18, 1994



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

González deal on top party jobs: Spain's prime minister Felipe González was forced to accept a compromise with hardliners in the allocation of top Socialist party posts. The deal avoided an open rift ahead of European and regional elections in June. Page 4

Somalia hit by cholera: A cholera epidemic has hit Somalia as it struggles to recover from famine and civil war. More than 1,700 cases, and 100 deaths, have been reported since the first outbreak of the disease last month. Page 3

Hopes rise for British soldiers: Hope of finding five British and Hong Kong soldiers lost for three weeks in dense jungle surrounding Mt Kinabalu in Malaysia's north Borneo state of Sabah was raised when rescuers found remains of the men's food.

US to seek UN backing in row with North Korea

By Nancy Dunne in Washington and John Burton in Seoul

The US said yesterday it would seek United Nations support in an attempt to force North Korea to allow international inspectors full access to its nuclear facilities.

Washington said it was also ready to act bilaterally, increasing its military activities in the region. Mr Warren Christopher, US secretary of state, said the US was preparing to deploy Patriot missiles in South Korea and to reinstate joint military exercises with South Korea "in the very near future".

"We're not seeking a confrontation with North Korea, but if they insist on it, I'm sure we'll prevail," Mr Christopher said on US television.

He said the US would be seeking a resolution at the UN Security Council. "I think we'll be preparing for trade sanctions," Mr Christopher added, but this depended on North Korea's actions.

Congressional leaders put their weight behind the administration's increased pressure. Congressman Richard Gephardt, the House majority leader, said US aircraft carriers would be despatched to the region unless Pyongyang complied with inspectors from the International Atomic Energy Agency. The US may also increase its troop strength there, he added. Currently 37,000 US troops are stationed in South Korea.

The board of governors for the IAEA is expected today to decide to refer the North Korean nuclear issue to the Security Council.

In Beijing yesterday, Chinese leaders told Mr Morihiro Hosokawa, the visiting Japanese prime minister, they would try to persuade North Korea to open its nuclear sites in an effort to avoid an international crisis, but Beijing counselled patience.

China is the key to any international approach. If China blocks sanctions in the UN Security Council, the US and South Korea will have few options left, short of military action, to force the North to accept nuclear inspections. Mr Christopher said China would support the US plan because it was in its own interest. However, China's ambassador to South Korea warned that his country would not support sanctions against the North. "Such measures are not only ineffective, but would also complicate matters and aggravate the situation," Mr Zhang Tingyan, the Chinese ambassador, told a South Korean news agency.

He proposed instead that the US grant diplomatic recognition to North Korea to resolve the nuclear dispute. "North Korea-US diplomatic normalisation will contribute to peace and stability on the Korean peninsula."

South Korean President Kim Young-sam will travel to Beijing this week to ask China to intervene and persuade the North to accept nuclear inspections, or support sanctions if persuasion fails.

Any military response, such as an air strike on the North's nuclear facilities, is considered unlikely, however, since it would almost certainly provoke a North Korean attack on the South and destabilise the north-east Asian region.

Beijing's promise, Page 2

Russia and IMF unable to agree on $1.5bn loan

By John Lloyd in Moscow

Russia and the International Monetary Fund have failed to agree on a further $1.5bn loan which Russia is seeking to help economic reform.

After three days of talks, Mr Victor Chernomyrdin, the Russian prime minister, will today make a last attempt to persuade top IMF officials to release the funds before they return to the US.

Mr Chernonomyrdin will meet Mr Michel Camdessus, the IMF managing director, for a final round of talks.

The loan, which is vital to the Russian government, is the second tranche of $3bn in funds to help reform and part of a $43bn package agreed by the Group of Seven leading industrial nations last year in Tokyo.

The loan would:

- Inject desperately needed hard currency into Russia at a time when capital continues to be exported.
- Signal the IMF's belief that continued reform is possible under Mr Chernomyrdin's leadership.
- Allow Russia to service its debt obligations and thus increase its chances of receiving further debt relief and loans.

However, the indications from both sides are that the IMF officials cannot reconcile the budget's assumptions with what they believe will be the out-turn at the end of the year.

According to one source, the Russian side had withheld details from the IMF team until the last moment in order to weaken the team's position during the talks.

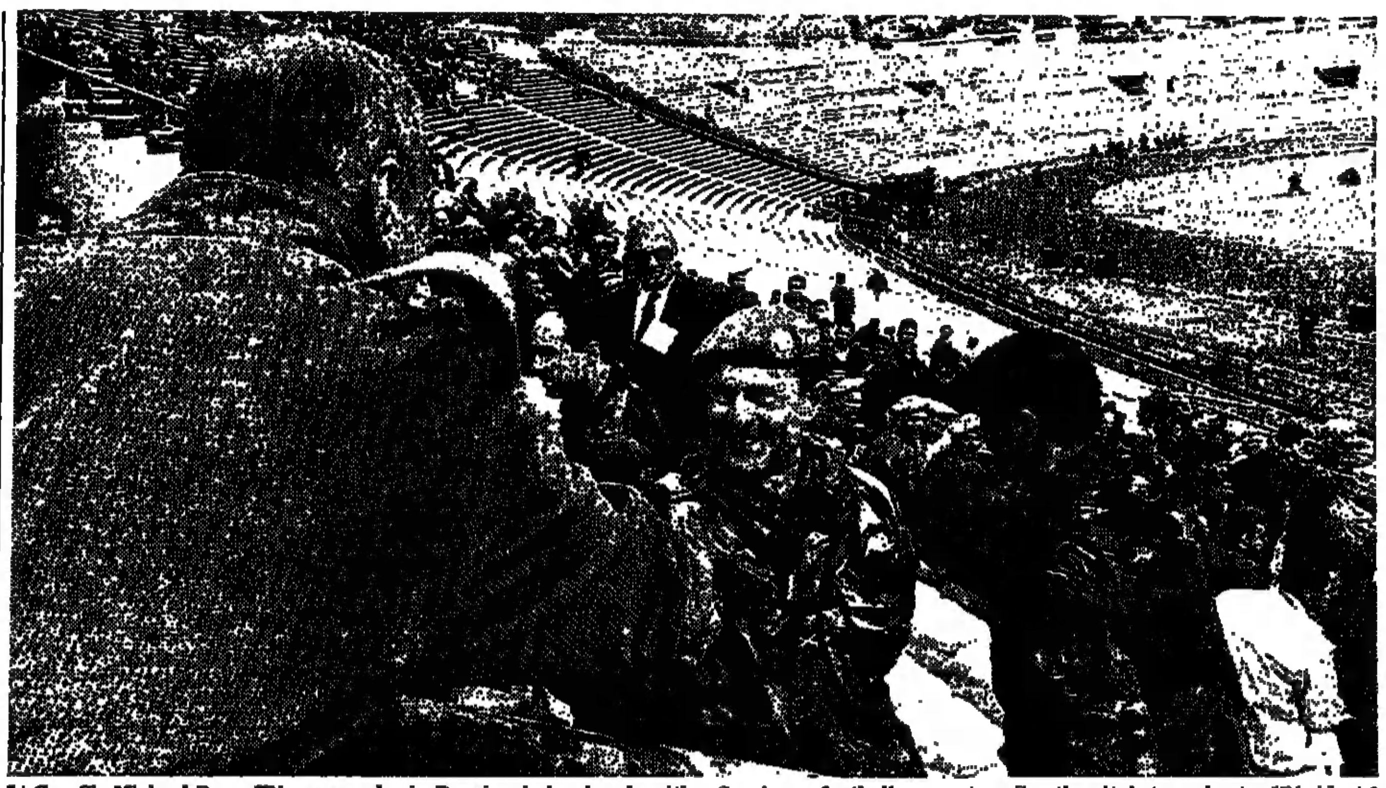
The IMF is concerned that the expenditure in the budget, Rbs183,000bn, will be exceeded long before he end of the year and that the income, of Rbs120,000bn, will not be gathered in because of rapidly falling tax revenues. The IMF also thinks that the Russian parliament, which has only just been sent the draft budget, will not approve it and will demand much higher spending.

Mr Chernomyrdin issued the invitation to Mr Camdessus to visit Moscow earlier this month in the hope that face-to-face discussions would break the deadlock in talks over the loan. Previous meetings between the two men have been frosty.

But Mr Camdessus – aware that assisting Russian reform is the biggest challenge to the IMF's abilities since the war – is determined to make every effort to secure agreement, if one can be reached within under the IMF's lending criteria.

The Russian prime minister has striven in the past two months to promote his image as a reformer, following the departure from the cabinet of Mr Yegor Gaidar and Mr Boris Fyodorov, formerly deputy prime ministers and the most prominent radicals.

However, it has been widely assumed outside Russia that the reforms are at best stalled. Russian debt traded on the international markets at 55 cents to the dollar in December but has halved to 28 cents today, and it is "still under pressure", according to H. Rivkin and Co, a New York investment house specialising in distressed bonds.



Lt-Gen Sir Michael Rose, UN commander in Bosnia, shakes hands with a Sarajevan football supporter after the city's team beat a UN side 4-0. Around 20,000 people watched the match, the largest crowd to gather in the city since war broke out nearly two years ago Associated Press

Italy to speed up telecoms sell-off

By John Simkins in Milan

The Italian government is to speed up plans to sell its 52 per cent stake in Stet, the national telecommunications utility, in what it is describing as "the mother of privatisations".

At the same time, it is preparing its telecommunications operators for international competition by merging five separate networks into a single unit, under plans announced at the weekend. This new company, Telecom Italia, will be the principal asset of Stet.

Italy is to hold a general election next weekend, but a new government is expected to proceed with the sell-off of Stet, which may now take place before the end of the year.

The cabinet, which has yet to name advisers to the flotation, is aiming at wide ownership. This will include a core of financial institutions as leading shareholders, which the government hopes will provide stable ownership. A 0.5 per cent limit is likely to be set on holdings acquired in the public offer, while the institutions will be able to hold up to 2 per cent.

The rationalisation of the five groups, long held up by vested political interests, was agreed by their boards and is to take place in August. Telecom Italia will be the world's sixth largest telecoms operator in terms of turnover, which topped L26,800bn ($15.6bn) last year, and will have nearly 100,000 employees.

The merger of Sip, the quoted domestic network operator, and the four smaller groups, is intended to cut costs, integrate overlapping organisations and provide a single group able to compete in Europe's deregulated market due to come into force by 1998.

Sip has a monopoly in the domestic network, but the market in cellular telephones is being opened up. The winner of a race to run Italy's new Europe-wide GSM network is expected to be announced this week.

The merger of the five companies is to be achieved by converting their shares into shares in Sip, under terms of exchange based on the companies' stand-alone values as determined by the government's advisers to the restructuring, J.P. Morgan and Albertini Sim.

Interest has focused on the shares exchange with Italcable, the international telecoms operator which is the only other quoted company of the five. For each Italcable share, both ordi-

Continued on Page 14

Gillette under pressure over plan to close Spanish plant

By David White in Madrid

Gillette, the US consumer products group, will this week come under strong pressure from Spanish regional authorities to drop controversial plans to close a razor-blade factory near Seville and transfer production to the UK and Germany.

The closure plan carries echoes of the row early last year over the decision by Hoover of the US to stop making vacuum cleaners at Longvic, near Dijon, and move its operations to Cambuslang in Scotland.

Hoover's move brought French accusations against Britain of "social dumping" by using lower wages and less favourable working conditions to lure the US company away from France.

The Gillette case is another instance of a multinational opting to move its production base within the European Union's single market. Gillette management told staff at the Alcalá de Guadaira factory at the weekend that its decision to close was "irrevocable".

Its plan for cutting excess European capacity involved concentrating production of razors and razor-blades at Berlin and Isleworth, west London.

The group announced earlier this year plans to cut 2,000 jobs worldwide. The Spanish plant, which employs about 250, was set up in the 1960s as part of an industrial development plan for the region. Of the three Gillette plants, it is considered to have the least advanced technology.

Employees' representatives claimed Gillette's decision was linked to new investments by the company in Russia, Poland and Turkey, where it could take advantage of lower wage costs.

Members of Andalucia's Socialist regional government are set to met Gillette managers this week to try to persuade the company to change its mind. Gillette sparked off a similar storm in France in the late 1980s over its withdrawal from manufacturing at Annecy, near the French-Swiss border.

Public sentiment in Andalucia has already been primed by a furore over job cuts at Santana Motor, a subsidiary of the Japanese Suzuki group making four-wheel-drive vehicles at Linares.

The workforce at Linares, where it is the only remaining industrial employer of any significance, is due to be cut by 1,500, leaving about 900. The reduction was one of the conditions under which the company agreed to lift its threat to close down completely.

Unions have called a general strike in the area on Tuesday as part of a series of widely-supported protests.

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	L13000
						UAE	Dh12.00

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Japan to curb rise in car exports to EU

By William Dawkins in Tokyo

Japan has agreed to restrict the rise in car exports to the European Union to 0.4 per cent this year, reducing Japanese car industry hopes for an export-led recovery.

The deal, agreed on Saturday between trade officials from the European Commission and Japan's Ministry of International Trade and Industry, means Japan's EU market share is set, in theory, to fall fractionally.

Japan and the EU agreed three years ago to set annual Union-wide import quotas, to be reassessed every six months, to pave the way for an open European car market by the end of the decade.

Japan's car industry accepted the small increase in exports without complaint, reflecting the fact that their overall EU sales would be little affected as a result of the build-up in European-based production.

"We will continue to hold back our exports and respect the spirit of the agreement, which was made under the premise that the EU car market will be liberalised in the year 2000," said Mr Yutaka Kume, chairman of Nissan and the Japan Automobile Manufacturers' Association.

The accord allows Japan to export 984,000 cars to the EU this year, 8.2 per cent of expected EU demand for 11.97m vehicles. Tokyo and Brussels differ over how much the European market will grow, but the accord is based on an expected 2 per cent increase in demand, a weak recovery from last year's nearly 16 per cent decline in the European car market.

Last year, Japanese car exports to the Union fell by 18.5 per cent to 980,000 units, and it achieved an 8.3 per cent share of a total market of 11.74m cars. However, a senior Commission negotiator said the EU expected Japan to ask for a change in its export ceiling if the market were to show a "substantial deviation" from forecasts.

Beijing promises to work on Pyongyang

Tony Walker reports on the visiting Japanese prime minister's concern over N Korean nuclear sites

China yesterday told Mr Morihiro Hosokawa, the visiting Japanese prime minister, it would continue initiatives to persuade North Korea to open its nuclear sites to inspection, in an effort to avoid an international crisis, but Beijing counselled patience.

Mr Hosokawa, in two hours of talks with Chinese prime minister Li Peng, spoke of Japan's "grave concern" over North Korea's reluctance to co-operate with the International Atomic Energy Agency, which has been rebuffed repeatedly in its attempts to gain access to Pyongyang's nuclear facilities.

"Japan is gravely concerned about the situation, and the possibility is increasing that the matter will be referred to the United Nations Security Council. I believe the international community is losing patience. The role of China is very, very important," said Mr Hosokawa.

Premier Li's undertaking, that China would try to persuade North Korea to accept IAEA inspections, was accompanied by the standard Chinese line that "the international community should take more time to settle the issue."

Mr Li added cryptically that it was important to "give North Korea what it wants." The Chinese official appeared to be suggesting that the US should accede to Pyongyang's demand for some form of diplomatic recognition.

TALKING IN BEIJING: Morihiro Hosokawa (left) and Li Peng

Indications that Beijing might be prepared to increase pressure on Pyongyang reflect deepening concern among the Chinese leaders over the possibility of the dispute spiralling out of control.

China is anxious to forestall a sanctions process in the security council, under which it might be obliged to take action against its ally and neighbour.

China is North Korea's largest trading partner and one of its few international "friends".

But Beijing also recognises that international patience is wearing thin and that the prospect of UN-sponsored action is drawing nearer. For several months, Chinese officials have been urging the international community to avoid backing North Korea into a corner.

The Japanese are making no secret of their increasing alarm over developments on the Korean peninsula.

A spokesman for Mr Hosokawa told foreign reporters in Beijing on Saturday that Tokyo feared a nuclear North Korea would have a "domino effect" throughout Asia.

Japan has pledged to support the Nuclear Non-Proliferation Treaty (NPT) indefinitely, but the Japanese official said that, if North Korea joined the nuclear club, there was certain to be strong pressure domestically for Japan to do the same. "We have to defend ourselves," he declared.

Mr Hosokawa, on his first visit to China as prime minister, also raised the sensitive issue of Japan's wartime past. The visiting premier, in a speech to parliament in Tokyo last August, went further in apologising for Japanese brutaltiy than had any of his predecessors.

Mr Li was reported to have expressed satisfaction with those remarks.

Other issues raised by Mr Hosokawa included China's defence spending, which is to increase by more than 20 per cent, according to this year's budget. Japan wants more "transparency" in China's military spending, much of which takes place through budgetary items other than those marked as for defence.

Mr Li attributed China's defence budget increase to inflation and to the needs of a modernising a military which lagged behind other sectors.

The two sides reviewed Japan's aid programme to China, which amounts to $7.7bn (£5.2bn)in cheap credits in the five years to 1995.

Mr Hosokawa, reflecting Japanese concern about the environmental threat posed by China's rapid industrialisation, expressed the hope that additional funds would be allocated to pollution-control.

The Japanese premier, who is to leave for Shanghai tomorrow, also met Chinese President Jiang Zemin yesterday and lunched with Mr Zhu Rongji, the vice-premier in charge of the economy.

Mr Warren Christopher, US secretary of state, yesterday voiced his hope that China would meet Washington's demands for improved human rights, while appearing to move away from the Clinton administration's linkage of trade and human rights in dealings with Beijing, writes Nancy Dunne in Washington.

Mr Christopher said on national television that China relied on the US market for about 40 per cent of its exports. This gave Washington substantial leverage.

But he also held out prospects that the US might move to separate, or "de-couple", its human rights and trade policies, particularly China's Most Favoured Nation (MFN) trade status. "For this year we are committed to using MFN," he said, adding: "There are many other tools we can use down the road if we get past this year." Mr Christopher said he was not talking of "the linking" so much as "broadening the relationship".

US clears way for Asian bank's capital increase

By George Graham in Honolulu

Negotiations on a capital increase of more than $20bn (£13.4bn) for the Asian Development Bank could be completed in the next few months, after the US agreed to the injection of funds.

Finance ministers from the 18-nation Asia Pacific Economic Co-operation forum agreed in Honolulu this weekend on the need for the ADB to double its capital resources – an increase which would amount to about $23bn.

"A consensus on doubling the capital is in the making," said Mr Hirohisa Fujii, Japan's finance minister, after the Apec meeting.

The Manila-based bank's lending for development projects in the Asia region is limited by its statutes to the total of its callable capital and reserves. It has already run close to that limit and, with new borrowing members such as the former Soviet republics of central Asia on board, it is expected to have to trim lending this year.

But the US has been in arrears on its current obligations to the ADB, and the Clinton administration, besides facing tight budget constraints, has only recently been convinced by the ADB's efforts to reform its operations to agree to the capital injection.

Mr Lloyd Bentsen, US Treasury secretary, said: "We look forward to the concluding negotiations for a general capital increase for the Asian Development Bank. It will mean more than $20bn for this region, doubling the bank's resources."

The US and Japan are the largest shareholders in the ADB, with about 16 per cent each. Only a small percentage of the capital increase would have to be paid up, reducing the budgetary cost for each to an estimated $40m.

The US also faces a larger payment for a $40bn capital increase at the Inter-American Development Bank.

Apec moves: page 5

Complaints and sharp rise in disputes trigger government concern

China probes labour exploitation

By Tony Walker in Beijing

China is to investigate labour conditions in state and foreign enterprises in an attempt to counter complaints of exploitation and a sharp rise in disputes.

Many of the complaints have been directed at foreign employers, who are accused of disregarding minimum standards set by the state.

The move also reflects increasing government concern over labour unrest; restless workers in loss-making state enterprises facing closure are seen as a threat to public order.

The Labour Ministry said its inquiries would cover all urban and township enterprises, whether Chinese or foreign-funded. The survey would run from April 1 to June 30.

An official said inspectors would investigate whether enterprises had violated the law by using child labour or exploiting women. They would also check contracts, wages, working hours, insurance and welfare treatment.

Persistent criticism of foreign businessmen by representatives of the All China Federation of Trades Unions has revived images of exploitative bosses left over from China's colonial past. A union official said in an interview that some foreign employers violated workers' rights "randomly and openly".

"They prolong workers' hours, cut or deduct their wages arbitrarily, neglect safety and sanitary requirements and even humiliate workers," said the official. "One employer even locked his worker in a dog cage."

The Labour Ministry's investigation coincides with growing signs of militancy among workers, including a recent call by labour activists for an independent trade union. The activists, who said their aim was to protect workers from exploitation in the current economic boom, were detained by the authorities.

Since China opened to the outside world in the late 1970s, tens of thousands of enterprises with foreign involvement have been established, many of them benefiting from cheap labour.

The Beijing-based China Electronic News reported recently that there were more than 10,000 labour disputes last year. Many occurred in the Shenzen special economic zone, adjacent to Hong Kong, which has attracted a flood of peasant labour to work in small processing concerns.

The All China Federation of Trades Unions began a drive last month to double union membership this year in foreign-run factories and joint ventures. Less than 30 per cent of companies in which foreigners are involved are unionised.

China's trade union law entitles unions to a seat on a company's board of directors.

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Public posturing hides private diplomacy between leaders

Israeli team in Tunis to woo PLO

By David Horovitz in Jerusalem

A team of senior Israeli officials flew to Tunis yesterday seeking to woo the Palestine Liberation Organisation back to the negotiating table.

Before their departure the team announced their acceptance of last Friday's UN Security Council Resolution 904, which called for the deployment of a temporary international force in the occupied territories to protect Palestinians.

Mr Warren Christopher, US secretary of state, said after the vote – which condemned the February 25 massacre by a Jewish settler of 30 Palestinians in Hebron's Cave of the Patriarchs – that he expected full Israeli-PLO peace talks to resume at an early stage.

There has been talk of a meeting this week between Mr Yassir Arafat, PLO chairman, and Mr Shimon Peres, the Israeli foreign minister, to announce formally the resumption of negotiations. But neither Israeli nor PLO officials sounded completely confident yesterday.

Mr Uri Savir, director-general of the Israeli Foreign Ministry, said as he left for Tunis that while he hoped to pave the way for a resumption of talks it would be foolish to predict a date.

He confirmed that Israel would allow the deployment of a temporary and unarmed international observer force in the West Bank. This would possibly be in the shape of an increased Red Cross presence, with a Red Cross office in Hebron to deal with Palestinian complaints of human rights abuses. Israel is also prepared to see a Palestinian police force established in Hebron, provided it is answerable to the Israeli army.

But as for the possibility of evacuating Jewish settlers from the heart of Hebron, Mr Savir was adamant this was an issue for the Israeli government. "We won't open any debate with them [the PLO] on that issue," he said.

Mr Nabil Sha'ath, the PLO's chief peace negotiator, said he regarded the issue of radical settlers as of central importance. The Tunis talks would focus, he said, "on the measures to be taken by the Israeli government about the settlers' status in the occupied Palestinian land, especially Hebron".

Despite the public posturing, the two sides have engaged in considerable private diplomacy. Mr Yitzhak Rabin, Israel's prime minister, spoke to Mr Arafat several times by telephone over the weekend. He declined yesterday to brief his cabinet on the substance of some of the measures he was willing to take to get the peace talks going again as he feared leaks.

Meanwhile, Israeli troops yesterday shot and wounded nine Palestinians, and stone-throwers injured an Israeli motorist, during clashes in the occupied West Bank and Gaza Strip.

The violence, together with frustration over the continued Israeli closure of the territories which is keeping tens of thousands of Palestinians away from jobs inside Israel, has focused both Mr Rabin and Mr Arafat on the need to wrap-up the "Gaza-and-Jericho-first" autonomy deal.

Mr Peres promised at the weekend that the final deal could be sewn up in three weeks, and that the Israeli army could complete its pullout from Gaza and Jericho a month after that.

If an accelerated timetable does not prove sufficiently attractive to bring Mr Arafat back to the talks, Mr Dennis Ross the US peace talks co-ordinator who is expected in Tunis today, will remind the PLO chairman that Syria, Jordan and Lebanon have agreed, in the wake of the UN resolution, to resume negotiations with Israel next month.

War-weakened Somalia hit by cholera epidemic

By Leslie Crawford, Africa Correspondent

A cholera epidemic is inflicting further suffering on Somalia, struggling to recover from famine and civil war. More than 1,700 cases, and 100 deaths, have been reported since the first outbreak of the disease in the northern port of Bossasso last month.

The Qaraan hospital in the capital, Mogadishu, has run out of beds and floor space, but is admitting more than 70 new cholera patients a day. Scores of sufferers are being treated outdoors, lying on rough blankets and attached to saline drips hanging from branches of acacia trees.

Dr Osman Dufle, who says the number of cases is rising exponentially, has begged the departing US military for tents and camp beds, as the rainy season is due to begin later this month. "The epidemic," he

'The epidemic will continue to rage out of control unless UN agencies help'

warns, "will continue to rage out of control unless UN agencies help us to chlorinate wells and improve the sanitation of this city."

Relief workers say cholera was a disaster waiting to happen. Big towns such as Mogadishu and Kismayo have no piped water or sewerage systems: both were destroyed during the civil war. Thousands of displaced people still live in overcrowded camps. Rubbish is left to rot on the streets and drinking water comes from a multiplicity of shallow wells, most contaminated by sewage.

The cholera epidemic also points to the failure of the UN Operation in Somalia (Unosom) to deliver humanitarian assistance. Most of the UN's resources have been consumed in the failed military attempt to overpower Mogadishu's warring militias.

The UN has also spent more than $80m (£54.7m) building a fortified compound for 1,000 UN civilian and military staff. The sewerage system alone cost $9m.

Outside the compound walls, however, human and animal waste – the breeding ground for cholera – lie in stagnant pools. With no government and no social services, Somalia is ill-equipped to cope with a national health emergency of this kind.

The few Somali doctors, like Dr Dufle, who did not flee during the war have worked without salaries for the past four years.

They depend on non-government organisations such as Médecins Sans Frontières for food and medical supplies. "Although we hoped Unosom or the World Health Organisation would pay our salaries, no help has been forthcoming," says Dr Dufle.

The epidemic has struck as the west is disengaging its troops from Somalia, following the deaths of UN peacekeepers and frustration over the unwillingness of rival Somali factions to reach a political settlement.

The last US troops will leave Mogadishu this week. The Italian, French, Belgian and German contingents are also leaving or have left.

The remaining UN peacekeepers, mostly Indians and Pakistanis, are unsure of their role and fear a renewed outbreak of fighting.

Uncertainty also surrounds the future of the UN operation, the mandate of which expires in May.

● Two journalists working for Italian TV were gunned down in a drive-by shooting in Mogadishu, the Somali capital, yesterday, Reuter reports.

The two were shot dead near the old Italian embassy. Their corpses were airlifted by helicopter, apparently to a ship covering the withdrawal of Italian troops from Somalia.

Mr Nelson Mandela, ANC leader, is thronged by orphans during a campaign tour in Cape Town yesterday. However, at an election rally in Manenberg Mr Mandela's car was stoned by supporters of South African President F.W. de Klerk's National party, Reuter reports. He was not hurt. Marshalls carrying rifles battled to clear a path through the crowd of demonstrators.

Natal fans political fires in run-up to S African poll

Patti Waldmeir on the regional events undermining peace hopes

It is easy to predict that next month's all-race elections in South Africa's Natal province will not be free and fair, whatever is done in the next five weeks to make it so. Those who live in areas controlled by the Inkatha Freedom party will not dare to vote, because the IFP will be boycotting the poll; those who live in African National Congress areas will not dare to stay at home, because the ANC will want them to vote.

The only remaining question is how many people will die before polling ends and, perhaps more importantly, how many will opt for violent resistance to the new government once it takes power.

Several events last week helped to stoke political fires in Natal.

ANC officials, including President Nelson Mandela, tried more or less openly to incite popular rebellion in the KwaZulu homeland. Chief Mangosuthu Buthelezi, the KwaZulu leader, replied with belligerence and aggression, and sabotaged a planned peace meeting between Mr Mandela and the Zulu King Goodwill Zwelethini by inviting armed Zulu warriors to attend.

The Independent Electoral Commission said it would soon take measures to enforce free political activity in Natal, putting it on a collision course with Inkatha, which is preventing voter education and campaigning in many areas.

Then, on Friday, the prestigious Goldstone Commission of inquiry released details of how some of the most senior men in the South African police allegedly manufactured homemade guns and gave them to Inkatha. On the same day, King Goodwill called on thousands of Zulu warriors – many of them carrying firearms – to boycott the elections and defend the "sovereignty" of the Zulu nation "at all costs".

So after months of uncertainty, some clarity seems to be emerging. Barring a last-minute miracle, Inkatha will not participate in the April poll and the Zulu king could take leave of reality entirely and declare KwaZulu independent from South Africa.

Nonetheless, international mediation of the country's constitutional dispute will go ahead – indeed, Inkatha negotiators say they expect to announce the names of mediators today. But the results of mediation will be implemented only after the poll.

According to the best-case scenario, consensus will be reached on constitutional changes and the new constitution, to be written by an elected constituent assembly, will be changed to reflect it. Then Inkatha would prepare to fight the second elections (in 1999) from a base of extraparliamentary opposition.

But Mr Philip Powell, commander of the Mlaba training camp near the KwaZulu capital of Ulundi where some 5,000 Inkatha members have been given military training to form "self-defence units", makes clear that Inkatha's strategy will be to render Natal ungovernable, just as the ANC made South Africa ungovernable in the 1980s.

"The ANC has proved by mass action that you can make government impossible. We've learned lots of valuable lessons from what they have done", says the former police officer.

He says Inkatha cannot resist if the Electoral Commission uses the army to install polling booths and enforce voter education. "We don't even entertain the possibility of fighting the South African Defence Force. We have no army, no armoured vehicles, no helicopters." But such a move would galvanise support behind Chief Buthelezi, and provide recruits for a "low intensity guerrilla war against the [new] government of national unity".

The Vietnam war is a case in point, he says. "That war was won by people with bicycles and homemade hand grenades." Mr Powell concedes that no such war is likely in South Africa. After the decision of right-wing whites to take part in elections, fighting would be limited to Natal and Inkatha would lack the Vietcong's powerful backers.

But if a new ANC government seeks to crush Inkatha, or if the ANC-dominated Transitional Executive Council (which holds the true reins of power in the run-up to elections) chooses to impose elections by force, much bloodshed could result.

Compromise avoids Socialist rift ahead of European elections

González deal on top party jobs


González: Internal tension

By David White in Madrid

Mr Felipe González , the Spanish prime minister, was forced yesterday to accept a compromise with hardliners in the allocation of top Socialist party posts.

The deal, reached after long hours of bargaining in the party's three-day conference here, avoided an open rift which threatened serious damage to the party ahead of European and regional elections in June.

Mr Alfonso Guerra, leader of the hardline faction, succeeded in placing his most senior allies in top posts, even though his overall support within the party's executive committee was reduced from almost half to a quarter.

Mr Guerra himself kept his job as party number two under Mr González, after threatening to pull out if the leadership were not "balanced". Against opposition by senior moderates in the party, he also managed to keep a prominent ally, Mr José Maria Benegas, in the top leadership, although not in his previous job running the party's organisation.

That job finally went to a relatively obscure politician from Valencia, Mr Cipriá Ciscar, with Mr Benegas taking over the party's political and institutional relations.

The committee proposed by Mr González was approved by 89 per cent of delegates at the conference, the party's first since 1990. All-night negotiations, which broke off at dawn yesterday, were resumed yesterday, delaying the end of the conference.

Mr González had admitted earlier in the conference that there was "considerable internal tension" in party ranks.

He has brought two of his top ministers, deputy prime minister Mr Narcis Serra and foreign minister Mr Javier Solana, into the executive committee. That was enlarged to make room for a larger number of women, who now make up a third.

Infighting over the top posts obscured the policy debate, in which the government's free-market and budget-cutting positions had an easy ride. The party gave top priority to job-creation, backed a "rigorous choice" in government spending and a curb on fraud, and pledged itself to "create conditions in which private initiative can act more effectively".

Fate of Bulgaria loans in balance

By Virginia Marsh in Sofia

The future of a $600m International Monetary Fund and World Bank loan package, aimed to help Bulgaria settle its $9.3bn debt to the London Club of commercial banks, may be settled at a meeting of European Union finance ministers in Brussels today.

The ministers are due to consider Bulgaria's request for $330m in balance of payments support for 1994 from the G24 group of countries.

The positive response would enable the IMF to go ahead with new stand-by loans and funds designed to help the reform worth $400m. It would also unlock $200m in linked World Bank loans.

The IMF cannot agree the loan unless Bulgaria has the necessary financial support needed to implement the economic reform programme it agreed with the Fund last December.

Foreign financing is needed if Bulgaria is to meet its June 30 deadline to reschedule its $9.3bn foreign commercial debt. Under a framework agreement reached last November, the London Club banks, chaired by Deutsche Bank, agreed to halve the debt. In return, Bulgaria said it would pay $850m immediately if it could get IMF and World Bank backing.

Bulgarian officials say it is essential that G24 should agree the funding without delay because of the severe devaluation of the leva.

"Everything will fall apart if we do not get support from the G24. Otherwise, we will have to renegotiate a whole new package with the IMF and the World Bank, which could take months," Mr Dimitar Kostov, deputy finance minister, said in an interview.

Kurds riot as Germans ban rally

About 6,000 militant Kurds went on the rampage over the weekend in the southern German town of Augsburg and on a nearby motorway, after authorities had barred them from holding a rally which had been declared illegal, police said yesterday, Reuter reports from Augsburg.

They said 85 police officers and two firemen were injured in the demonstrations at Augsburg and in Berlin. About 30 Kurds were arrested.

At Wiesbaden, Kurdish demonstrators poured petrol on a train carriage and set it alight, police said. Officers had earlier prevented the Kurds staging a rally in Frankfurt, after which about 100 militants took the train to Wiesbaden.

Nearly 50 of the officers were injured in the Augsburg disturbances, which broke out on Saturday after police had stopped the Kurds who were travelling in several buses outside the Bavarian city.

The demonstrators, supporters of the banned Kurdistan Worker's party (PKK), responded by commandeering the buses and using them to block the motorway. They also poured fuel on the asphalt and set it alight to block a motorway exit. Other Kurds blocked intersections at Augsburg and threw firebombs, a police spokesman said.

He said Kurds tried to douse two officers with petrol and set them on fire. Another officer was knocked down and his gun was taken. Police used a water cannon to clear the motorway after nine hours.

In Berlin, about 800 Kurds demonstrated on Saturday night against Turkish policies. The PKK has been fighting since 1984 for an independent Kurdish homeland in south-eastern Turkey. Germany banned the PKK in November.

French right claims success in local polls

By Alice Rawsthorn in Paris

Mr Edouard Balladur, the French prime minister, was last night anxiously awaiting the final outcome of the first round of voting in France's local council elections after exit polls suggested that his centre-right coalition had won a majority of the votes.

The centre-right won 44.3 per cent of the votes, according to a BVA poll for France Television, leaving the left, which triumphed when the same seats were contested six years ago, with 42.1 per cent. A Sofres poll for the TF1 television station gave the government parties a larger lead with 46 per cent, against 40 per cent for the socialists and communists.

Yesterday's poll, which encompassed 2,018 of France's 4,033 local council seats, was the first significant test of confidence in Mr Balladur's centre-right government since its election in March last year. It has come at a critical time for Mr Balladur, whose popularity has slipped recently on concern about high unemployment and a wave of violent strikes and demonstrations.

Mr Balladur, whose capable manner made him one of Europe's most popular politicians during his first months in office, has seen his approval rating fall from 55 per cent to around 50 per cent since the end of last year. The prime minister, tipped as a contender for the centre-right candidacy in next spring's presidential elections, desperately needs a vote of confidence in the local vote which will be concluded with a second round of voting next Sunday.

Mr Charles Pasqua, the hardline interior minister who was a candidate in yesterday's vote, declared the result a "success for the government" pointing out that its share of the vote was "slightly higher" than in the 1988 local elections and more than in the 1993 legislative elections.

However Mr Michel Rocard, the socialist leader, was swift to highlight the narrowness of the government's lead. Mr Jean-Marie Le Pen, head of the extreme-right wing National Front, described his party's 10 per cent of the votes as "a very good result".

Yesterday's vote included the local council seats which were last contested in 1988. France swung to the left during that year with the socialists triumphing in the parliamentary elections and winning an extra 89 seats in the local vote.

The left has since lost support culminating in its crushing defeat in last spring's parliamentary elections. Opinion polls last week predicted that the Balladur centre-right coalition, which already controls 75 of France's 95 *conseils générals* or general councils, would win up to 200 extra seats after next Sunday's second round.

The polls also forecast that the centre right eventually emerge with majorities of another eight *conseils généraux* thereby bringing the total under its control to 83 regions.


President François Mitterrand (left) leaves the polling bureau yesterday with his wife's dog Picture: Reuter

Black list may help stamp out EU's agriculture fraud

Deborah Hargreaves finds some countries more willing than others to crack down

Mr René Steichen, European agriculture commissioner, says he will soon propose a "black list" of people and companies which have fraudulently got hold of European Union farm funds.

Mr Steichen's plan follows a report last month by the European Court of Auditors, the EU's financial watchdog, which was highly critical of the Commission and member countries for not doing enough to stamp out fraud in the Ecu36bn (£27.2bn) agriculture budget.

The EU could be losing over Ecu200m a year from agricultural fraud, according to some estimates. But the complexities of the Common Agricultural Policy also mean companies can manipulate the system quite legally.

"It is such a labyrinthine muddle of regulations that anyone with a keen mind can quite easily work out how to exploit the system legally or illegally with little risk," said Mr Brian Gardner, director of EPA Associates, an agriculture consultancy. The complicated regulations governing the CAP also make it difficult to track down fraud.

The court's report cited 5,775 reported cases of fraud and irregularities uncovered by the Commission since 1972. Those cases had cost the union Ecu725m, but the Commission and member countries had managed to recover only Ecu77.7m of the funds lost.

The Commission has to rely largely on member countries to police abuses of the system and some are more diligent than others.

Farmers themselves receive about a third of the agricultural budget directly. The rest of the money is spent on buying up and disposing of EU food mountains with funds being paid to exporting companies and other operators.

The auditors point to the payment of export refunds, which subsidise the sale of surplus produce outside the EU, as an area where exploitation has been rife. Export subsidies account for around a third of agricultural spending.

Some of the abuse is caused by negligence on the part of government authorities, but some companies are plainly profiteering from agricultural pay-outs.

The Commission is reluctant to release names of companies or individuals involved in fraud because of pending civil actions in member countries.

But investigations conducted by the Commission show the scope for abuse. For example, Commission officials investigating a tip-off from British government inspectors found that high quality beef was on sale in the UK and Italy at prices much lower than the market rate.

The fight against massive budget fraud will be on the agenda when European Union finance ministers meet in Brussels today, Reuters quotes diplomats in Brussels.

The meeting will discuss a report on the EU's 1992 budget from the Luxembourg-based Court of Auditors which calculates that some Ecu170m was wasted in irregular outlays and lost receipts that year.

Britain, which has pinned its flag to the fight against fraud in the run-up to the European Parliament elections in June, is pushing for fraud against the EU budget to be treated as a criminal offence as is fraud against national budgets.

The meeting will also discuss the tricky issue of setting a time limit on opening up access to the EU budget's emergency monetary reserve to include agri-monetary costs.

These sales involved beef that had been released from EU intervention stores which buy up surplus produce. It was destined for export as food aid to Russia.

However, some exporters had substituted lower quality meat to send to Moscow and were selling off the high quality beef at knock-down prices.

A Commission official points out that the mechanisms for recovering money lost in cases like this are complex and can take a long time to pursue. But a "black list" of offenders should crack down on fraud in future.

"Anyone on the 'black list' would not be eligible to apply for EU aid for several years – on a sliding scale depending on the degree of error or fraud," a Commission spokesman said. Mr Steichen has outlined his proposals to a budgetary committee of the European Parliament, but he will need the approval of farm ministers before a list can be drawn up.

The Commission is responsible for investigating fraud, but member countries generally administer punishments and recover monies lost. Procedures for doing this can vary widely from country to country.

The court of auditors stressed that the process of tracking down offenders is further complicated by the fact that member countries do not even have a common definition of what constitutes fraud.

The Commission has stepped up its fight against farm fraud and last year sent out 50 missions of its inspectors to look into deception involving Ecu400m.

Irregularities often arise because of a lack of adequate records kept by member governments. Commission examiners made 150 applications to check member countries' own records last year with the result that some big revisions were made. In Italy, inspectors found 250,000 tonnes of durum wheat missing from EU stores.

One major investigation recently involved the inspection of olive oil stocks in Italy which had been purchased by that country's intervention board.

However, the Commission inspectors found that one-third of the stocks were not of a high enough quality to qualify for intervention. Of the remainder, 60 per cent was of a lower quality than the Commission had already paid some Ecu35m for.

Companies can often exploit loopholes in regulations and lack of adequate monitoring to make a profit from EU business. But some operators go to elaborate lengths to defraud the EU.

The court's report picks out the payment of export refunds as a particular problem area because the complexity of the system for claiming subsidies leaves it open to abuse.

The auditors' report tells the tale of 10,000 tonnes of skimmed milk powder destined for export to Algeria. The powder was produced in various member countries and loaded on to seven ships in the Netherlands. The ships, however, never left the German port of Emden but the exporter, Dutch company with subsidiaries in the UK and Switzerland, claimed Ecu15m of export subsidies.

It proved difficult to pursue the perpetrators of the fraud because applications for licences and subsidies had been made in several member countries.

That is the problem for the Commission in stepping up its fight against fraud – it needs co-operation from member governments and some are more willing than others to crack down.

UN convoy reaches 20,000 people trapped in Moslem-held enclave since autumn

Relief of Maglaj bolsters Moscow's role

By Laura Silber in Belgrade and Judy Dempsey in London

Moscow's importance in the Yugoslav peace process was boosted yesterday when Bosnian Serb forces allowed a United Nations aid convoy access to the besieged Moslem-held enclave of Maglaj, in north-central Bosnia.

A UN official said the Serbs had abandoned their checkpoints on the road to the town as the convoy, carrying 80 tons of food, reached Maglaj.

In a letter sent to Mr Sergio de Mello, UN civil affairs officer, the leader of the Bosnian Serbs, Mr Radovan Karadzic, said he hoped that the "ordered ceasefire will succeed" in Maglaj. His remarks followed last week's warning by Mr Vitaly Churkin, Russia's special envoy to the former Yugoslavia, that Bosnian Serbs had to take a more "constructive approach" in the peace process led by Washington and Moscow.

About 20,000 people had been trapped in Maglaj by joint Serb and Croat offensives since last autumn. Despite this, the Bosnian government/Moslem forces had held on to the city, a strategic point in any eventual linkage of this part of the republic with other territory held by Bosnian-government troops.

Access by the UN convoy to Maglaj also follows on from Russia's broader attempts to persuade President Slobodan Milosevic of Serbia to decide when, and how, he is prepared to sue for peace, which would lead to an overall regional settlement.

As part of this process, Mr Churkin is expected to hold talks tomorrow with Croatian officials and Serb leaders from the self-styled republic of Krajina, in south-western Croatia.

In the talks in the Russian embassy in Zagreb, the Croatian capital, Mr Churkin wants to persuade Croatian leaders to grant wide autonomy to Serbs in Croatia. In return, Serbia might be persuaded to sign a peace treaty with Croatia.

That treaty would involve Serbia giving up claims to Krajina in return for Zagreb gaining complete control over the south-western and central part of Croatia.

UN officials said at the weekend that any process towards attaining a peace treaty between Croatia and Serbia would involve the US and Germany applying pressure on Croatia to make substantial political concessions, and perhaps some territorial ones.

But they added that the federal treaty between Bosnian Croat and Bosnian Moslem forces was holding. Several hundred prisoners of war and detainees were exchanged at the weekend following the signing of the treaty in Washington last Friday.

Meanwhile, in Sarajevo Mr Karadzic pledged to respect the ceasefire around the Bosnian capital.

The ceasefire has held since February 10 following Nato's ultimatum to deploy air strikes against Serb-held positions overlooking the city.

Yesterday at least 8,000 people attended a football match between a Sarajevo club and a UN team.

General Sir Michael Rose, the British commander of UN troops in Bosnia, told reporters that the match showed that normalisation was "an irreversible process".

EUROPEAN PRESS REVIEW

Bonn

Not a newspaper in Germany, however small, has been able to resist commenting on yet another hiatus in relations between Bonn and Paris.

Mr Klaus Kinkel, the German foreign minister, had obviously ruffled some feathers during the negotiations to get Norway into the European Union last week.

The **Berliner Zeitung** dismissed Mr Kinkel's playground bully approach to international diplomacy, while the **General Anzeiger** in Bonn warned the foreign minister not to go round smashing "foreign policy china".

The **Wiesbadener Kurier** even suggested that Mr Kinkel's fuse was shorter than usual because his party, the Free Democrats, had performed so miserably in the Lower Saxony elections last Sunday. Feathers had obviously been so ruffled that Mr François Scheer, the ambassador in Bonn, decided to share his concerns with a group of German correspondents.

He told journalists the two neighbours should be consulting more often and that Mr Kinkel had been a bit rough with the Spaniards who were demanding more fish in return for Norway's accession. The **Frankfurter Allgemeine Zeitung**, Germany's most august daily newspaper, then caused waves by quoting Mr Scheer and on Thursday morning the ambassador was summoned to explain himself.

Among close friends ambassadors are rarely summoned as the **Deutsche Tagespost** at Würzburg pointed out: "That is a well-tried method when it comes to dealing with banana republics. It is unacceptable as a means of exchanging views between France and Germany."

But defending "German interests and goals" often called for a more forthright manner as the **Allgemeine Zeitung** at Mainz wrote: "For ages Germany was accused of behaving like a political dwarf. Is it not normal that it should be just as tenacious as other countries and should not constantly have the heavy burden of the past in its sights." As on previous occasions, the strain in the Bonn-Paris axis is explained by uncertainties surrounding the government's move to Berlin and its implications for Germany's foreign policy.

The **Leipziger Volkszeitung**, however, is convinced that "with the exception of European separatists or Republicans there is the broadest possible consensus in this country about the continued expansion of Europe. Since this is undisputable, there is every reason to forcefully rebut charges that German politicians are apparently fickle or too brash when it comes to discussing Europe."

Overshadowing last week's diplomatic tussle are a series of celebrations to mark the collapse of Nazi Germany 50 years ago. "Unavoidably there are renewed complaints about some sort of new German danger," wrote the **Bild Zeitung**, Germany's biggest-selling tabloid. "The momentary tensions between Bonn and Paris are a symptom of this nervousness. That's why Chancellor Kohl and Foreign Minister Kinkel are required to use all the sensitivity they can muster to persuade our French neighbours that Germany will continue to be an equally dependable but also equally entitled partner."

The biggest of the anniversary celebrations will take place in July in Normandy, an event Chancellor Helmut Kohl long hoped he would be able to attend because it would do him a world of good to be seen rubbing shoulders at such a European event.

Some German newspapers, including the **Berliner Morgenpost**, take a rather different view: "You cannot simply change the significance of historical events," it wrote. "The invasion is a matter for the then victors, not something for Germany which lost. Were England and Germany to commemorate Waterloo, they would hardly invite France."

How Bill and Hillary bit back and raised a healthy laugh

Jurek Martin enjoyed a video coup by the First Couple at a white-tie night out for the media grand panjandrums of Washington

It is just possible that there are those in the darkest corners of America, where the light of television never shines, who have never heard of Harry and Louise.

Such ignorance will no longer be possible. The actors who play H & L in TV commercials paid for by the US insurance industry – an earnest middle-class couple who sit in their kitchen agonising over the costs of the Clinton healthcare plan, often for as long as the full minute allowed – have been usurped. They now stand revealed as Bill and Hillary.

It could have been a tricky Saturday night live for the president and the first lady. They were guests of honour of the Gridiron Club, a 109-year-old Washington institution of media grand panjandrums. Its only activity is a white-tie annual dinner at which politicians are roasted alive - all off-the-record, of course, but relayed like lightning around the country (well, inside the District of Columbia Beltway.)

The Clintons hardly needed to dress up to be skewered by the media. The Whitewater affair, stemming from the Clintons' financial dealings in Arkansas in the 1980s, has them on the rack and their resentment is sometimes palpable. On Saturday, there was a frisson of expectation that the First Couple, in the lion's den, might let it all hang out.

Enter their inspired *coup de video*. The president commanded his audience to turn to the large screen at one end of the hotel ballroom. There, sitting demurely on a sofa, was Louise (a.k.a. Hillary) leafing through a vast tome. She was joined by a casually dressed, coffee cup-carrying Harry (Bill) and they agonised.

"Look," she said, "it says here on page 7,325 [or some such number] that we may actually get ill." Big letters on the screen: "Under the Clinton health plan you may actually get ill."

They agonised more: "It says here on page 26,423 we may actually die." More big letters. The sign-off had them rolling in the aisles: "Brought to you by the scare-your-pants off coalition."

Yesterday, this private screening was all over the commercial networks. It bore the fingerprints of Harry Thomason, the Hollywood TV producer and FoB (Friend of Bill) who last week aired a spoof commercial killing off the insurance industry's Harry and Louise – she dies because her health insurance has run out, of course.

Truth to tell, the real star turn of the evening was the reputed wooden man, Vice-President Al Gore. He was wheeled to the microphone on a delivery dolley, where he lay stiff as a board, and moved hardly a muscle beyond his lips during a very funny speech – "I'm an inspiration to the thousands of Americans suffering from Dutch elm disease."

The president got in a good crack at the young Republican Governor Bill Weld of Massachusetts, an ambitious patrician: "His ancestors landed at Plymouth Rock in the Mayflower. Mine drove into Arkansas in a Plymouth truck and worked for Mayflower van lines."

Does an evening of laughter make a difference? Probably not, in the long term, given the media feeding frenzy over Whitewater, but it made a welcome break.

And we have seen the end of Harry and Louise, for which small mercy, great thanks.

BIS may have Brazil debt role

By Angus Foster in São Paulo

The steering committee of creditor banks in Brazil's planned \$52bn (£35bn) debt restructuring may ask the Basle-based Bank for International Settlements to act as collateral agent for the deal.

This follows the decision last week of the International Monetary Fund not to grant Brazil a stand-by accord. The US Federal Reserve, which was due to act as collateral agent if the IMF accord had been in place, is no longer willing to do so.

The steering committee is talking to the BIS about the details of the operation. Sixty-six per cent of creditor banks also need to waive the requirement for the Federal Reserve's involvement in the deal, due to be completed on April 15.

The involvement of an institution other than the Fed would not be unprecedented. The Bank of England was collateral agent in Argentina's debt restructuring rather than the Federal Reserve.

Banks are also being asked to waive the requirement that a stand-by agreement with the IMF should precede the deal.

The lack of an IMF accord further complicates the bank agreement since it means the US Treasury will be unwilling to issue special zero-coupon bonds to act as collateral in the restructuring. But Brazil has said it has executed arrangements that will ensure the collateral is in place in time.

Spielberg set for Oscar

By Martin Dickson in New York

Tonight promises to be the night that Steven Spielberg, financially the most successful director in film industry history, receives the artistic recognition that Hollywood has long denied him.

Spielberg, the director of the hit films E.T. and Jurassic Park, is the strong favourite to win the best-director award at that annual rite of prize-giving and mutual admiration, the Oscar ceremony. The awards are voted on by the 4,755 leading members of the US film industry who belong to the Academy of Motion Picture Arts and Sciences.

The award would be for Schindler's List, a black-and-white film about the Nazi holocaust against the Jews of Europe, which has been nominated for 12 Oscars and has won critical acclaim for its sensitive handling of the subject.

His film's main challenger in many of the Oscar categories could be The Piano, a highly original art-house film by the New Zealand director Jane Campion, which deals with 19th century eroticism in the antipodes. Its star, the American Holly Hunter, is widely tipped for the best actress award.

A fistful of awards would be a big boost for the studio which backed Schindler's List - Universal, part of the MCA group bought by Japan's Matsushita electronics group. Universal has had a mixed box office record in recent years, though it had a huge hit last year with Spielberg's dinosaur movie, Jurassic Park.

Matsushita is said to be seeking other outside investors in MCA. Its Japanese rival, Sony, has acknowledged that it is considering bringing in new investor to its Columbia studios, which also have a mixed record.

Oscar rewards for The Piano would be a fillip to Walt Disney, which agreed last May to buy the film's distributor, a small independent, Miramax.

After the mutual back-slapping of Oscar night, Hollywood's financial brains will return to focus on the film industry's next big hurdle – its release programme for the important summer season in America.

Analysts are forecasting a summer of record US box office returns, thanks to a group of potentially strong selling films, including a new animated feature from Disney called the Lion King.

None of them, however, is likely to match the success of Jurassic Park last summer.

AWARDS NIGHT: Holly Hunter (right), star of The Piano, is hugged by British actress Emma Thompson in Los Angeles Reuter

Fledgling Apec begins to take wary steps towards consensus

By George Graham in Honolulu

Finance ministers from the 18 countries of the Asia Pacific Economic Co-operation forum so enjoyed their first ever meeting in Hawaii that they agreed to gather again next year in Indonesia.

That might not seem a large achievement after a day and a half of talks, but it represents a significant step forward for the fledgling Apec, many of whose members remain wary of putting sinew into their informal links.

"The general view is certainly not to institutionalise this meeting but, if we have any specific and substantive issues to discuss, we should do so," said Mr Anwar bin Ibrahim, deputy prime minister and finance minister of Malaysia, Apec's most reluctant member. Mr Anwar added that there was no commitment to further meetings beyond 1995.

Even so, the weekend talks at a beachfront hotel on the outskirts of Honolulu yielded an ambitious programme of work on regional capital flows, infrastructure financing and banking supervision. Ministers also agreed to send their deputies and central bank officials to a further meeting at the end of this year to discuss macro-economic issues.

In a joint statement at the end of the meeting, they agreed on the need for:

- sustained low-inflation growth.
- increasing cross-border flows of goods, services and investment.
- reliance on the private sector as the main engine of growth.
- further development of capital markets in the region.
- improved financing mechanisms for the estimated \$1,000bn (£669bn) of infrastructure projects the region may need over the next decade.

Mellowed into conviviality by the bright yellow trousers and pink plaid shirt of their host, Mr Lloyd Bentsen, US treasury secretary, the other Apec ministers deliberately avoided almost all points of bilateral friction, as well as any temptation to force concrete commitments from the discussion.

The weekend talks at a beachfront hotel yielded an ambitious programme of work on regional capital flows, infrastructure financing and banking supervision

"This meeting was about co-operation, consultation, consensus. There are more Cs this meeting was not about, like coercion, co-ordination and, I would add, coalition-building," said Mr Lawrence Summers, US Treasury under-secretary for international affairs.

If Apec is to develop towards the "new Pacific community", sought by President Bill Clinton at a meeting of the region's leaders in Seattle last year, it may be forced to confront some of these points of friction. These include immediate rows, such as the US-Japan trade dispute, US pressure on several south-east Asian countries to open their financial service markets, and its impending clash with China over human rights and the renewal of China's most-favoured nation trading privileges.

They also include the possible tension between the broader Apec grouping, encompassing countries on both sides of the Pacific, and narrower groups such as the Association of South-East Asian Nations in the east and the North American Free Trade Agreement in the western hemisphere.

Mr Eduardo Aninat, Chilean finance minister, who took part in the meeting although his country will not formally join Apec until the second half of the year, and whose government wishes to become the next member of Nafta, argued that this tension can be overcome, "as long as both organisations do not represent closed blocs, closed regionalism."

Some of the problems that might arise, however, could be made Apec business, such as energy supply problems in the region, the possible burst of China's bubble economy, and the potential for damaging corporate bankruptcies in the fast-growing stock markets of the region.

"If you are in farming and you have a flood, you don't just lose your crop, you lose your neighbour's crop with it. What happens in one of these countries spills over into the rest," Mr Bentsen said.

"What we are talking about is the creation of infrastructure in yet another area – financial policy infrastructure," said Professor David McClain of the University of Hawaii.

Mr Paul Martin, finance minister of Canada, cautioned against rushing Apec's evolution: "What is very clear is people want to see Apec develop under its own steam, not be directed. Apec is an agglomeration of countries; it has to develop at its own pace."

The greatest threat, some observers feel, could come from the US eagerness to press ahead. Apec will require "a degree of patience that may tax the American mentality, and a degree of sensitivity and cultural awareness in a region where, it seems to me, we have often underestimated the importance of nationalism," warned Mr Michel Oksenberg, president of the East-West Center, a government-funded research institute based in Hawaii.

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VOCATIONAL QUALIFICATIONS

Radical overhaul for public exams

By John Authers

UK employers will be allowed unprecedented influence in compulsory schooling under proposals for new vocational qualifications announced by Sir Ron Dearing, the government's chief adviser on the curriculum and tests.

In the most radical overhaul of public examinations for schools in England and Wales for a decade, 14-year-olds will be allowed to spend one day a week studying for qualifications in subjects such as health services, leisure and tourism, or manufacturing.

The new qualification, which is as yet unnamed, would take up 20 per cent of school time over two years and would be equivalent to two GCSEs.

It would be voluntary, but the aim is to encourage children who are less interested in academic subjects to gain skills.

Employers, education-business partnerships and Training and Enterprise Councils are being consulted, both about the content of exams, and over funding for them.

The National Council for Vocational Qualifications, an employment department quango, will have responsibility for vetting and administering the qualification.

Sir Ron told the Secondary Heads Association's annual conference in Bournemouth at the weekend that he hoped the new qualification could be offered from 1996.

To prolonged applause from head teachers at the conference, he said: "I am all too conscious of the common tendency to consider the academic as first rate and the practical applications of knowledge and understanding as second rate.

"It is a tragedy that we have the value structures we do, and I rail against them," he said.

Under Sir Ron's plans, which have already been approved in principle by the government's education department, five vocational subjects would initially be on offer to pupils: manufacturing, art and design, health and social care, leisure and tourism, and business and finance.

These directly mirror the first subjects introduced for the new general national vocational qualifications to be taken alongside A-levels by 18-year-olds.

After Sir Ron presents a progress report to the education department in the next few weeks, he and the NCVQ will jointly consult schools during the summer term.

Row over post sell-off rail code

By Charles Batchelor, Transport Correspondent

Potential train operators have attacked Railtrack, the company set up to take over British Rail's track and signalling after privatisation, for abusing what they see as its dominant position in contract negotiations.

The proposed contracts appear to offer train operators the repayment of their track charge if a bridge or stretch of line becomes unusable but to provide no compensation for any loss of income.

"The terms and conditions clearly transfer all the risk and obligations of running a railway to the franchisees," said Mr Peter Field, managing director of South West Trains, which hopes to win a franchise on routes from London Waterloo.

"We need guarantees that provide an absolute assurance that the infrastructure will be looked after. The performance regime really has to hurt Railtrack if it does not deliver".

Mr Chris Green, who is due to take over the running of ScotRail next month with plans ultimately for a buy-out, said: "There should be a sharing of risk but at the moment it feels like a one-way transfer.

"The consequences of a bridge washing away for three months would be huge in terms of the train operator's income but low in terms of the cost of bridge replacement to Railtrack," he said.

He also called for contracts which took account of economic changes beyond the control of the train operators - with Railtrack's charges falling in a downturn and rising in *periods of boom.*

"We need to share the impact of the trade cycle", he said.

A third area of disagreement has emerged over timetables. One prospective franchisee, who declined to be named, said Railtrack was pressing for very frequent changes to allow it to slot in more trains if a new operator came along.

This would cause problems for existing service operators, he said.

Railtrack responded that it was negotiating "in the open" and under the scrutiny of the government, and the franchise director, who is charged with arranging the sale of BR franchises, and the British Rail board.

It declined to comment on the details of the negotiations which were "in the final stages", it said.

The contracts at present being negotiated will apply for the 12 months from April 1994 while the operating companies are working as "shadow franchises" but still owned by BR.

The sale of the franchises to the managers or other buyers will only take place from 1995. Nevertheless "the considerations being applied are still very realistic," Railtrack said.

Shipping magnate dies at 76

Lord Inchcape, the former head of Britain's biggest shipping group who has died at the age of 76, was a shy and undemonstrative man in an industry which has produced more *than its fair share of colourful,* extrovert characters.

He was chairman of the Peninsular and Oriental Steam Navigation Company (P&O) at some of its most turbulent times in the 1970s and 1980s when its independence came under serious threat. He also ran the trading group which bears his name.

Kenneth James William Mackay was the third Earl of Inchcape, the link with P&O dating from the time when his grandfather merged the company with his own shipping line, British India.

In 1973 he became chairman and in 1978, chief executive as well, and initiated a restructuring policy to ensure P&O's survival after a period of expansion.

After Lord Inchcape had announced his intention to retire, Trafalgar House, also in property and shipping (through the rival Cunard line), launched a hostile bid in 1983.

It was then that the more assertive and financially experienced Mr Jeffrey (now Lord) Sterling took over as chairman to mount a powerful defence. P&O kept its independence and Lord Inchcape stayed as president until 1986.

£18m rides on meaning of 'm'

By John Gapper, Banking Editor

Two British businessmen are threatening to sue Union Bank of Switzerland after one of its Swiss branch managers sup*plied a reference saying that* a customer was good for £18m, but later insisted that it had meant £18,000.

The managers said "m" refers to "mille" in Switzerland, not millions.

The dispute broke out after the sale of a Spanish resort development in which the two men had a majority stake fell through. The sale depended on the investors that had agreed to buy it receiving an £18m loan.

The transaction is one of several thought to be being investigated by the Metropolitan Police. Detectives want to interview Mr George Lagoudontis, a Greek businessman who allegedly agreed to lend £18m last May.

After Mr John Collins and Mr Tony Etridge had agreed to sell their majority stake in a Valencia golfing and leisure resort last year, they tried to verify the standing of Royal Trust of Greece, Mr Lagoudontis' company.

Mr Beat Hunold, manager of the UBS branch in Glarus, replied in German to Barclays, Mr Collins' and Mr Etridge's bank, that Mr Lagoudontis was "good for 18m sterling".

However, when the reference was re-checked later following delays in the transfer of £18m and the exchange of contracts, Mr Hunold and a fellow manager wrote on July 15 to say that he had not meant £18,000,000.

"In Switzerland, "m" is used *as an abbreviation for "mille"* (thousand) and "mio" for million. Therefore, we understood your request to be for 18,000, so our reply to you was absolutely correct," they wrote.

The legal department of UBS in Zurich has defended its stance and said it cannot give more information to Mr Collins' and Mr Etridge's solicitor because it supplied the bankers' reference to Barclays.

Mr Collins said that UBS was trying to "defend the indefensible" in not admitting that it was at fault over the reference. A spokeswoman for UBS in Zurich said that Glarus was a rural branch which could easily believe "m" to be an abbreviation for thousand. She said it had been prevented by confidentiality from giving more information.

Although an £18m price was agreed for the El Bosque development - in which Mr Collins and Mr Etridge held a controlling stake through companies in the Isle of Man - the buyers now believe that, because of delay, it is worth less than £10m.

Mr Lagoudontis said that it had proved impossible to make a loan because a company involved had been in receivership.

Britain in brief

Rolls-Royce buys US software

Rolls-Royce will announce today the largest order ever placed by a UK engineering company for computer aided design and manufacturing systems as part of its efforts to improve the design and production of jet engines.

The UK aero-engine and industrial power group is buying £14m worth of Cad/Cam software and services for its aero-engine division from Computervision, the US software house.

Computervision said the initial order from Rolls-Royce involved 1,000 terminals or design stations.

The aero-engine manufacturer had an option to buy and install a further 1,000 terminals by the end of the decade.

According to the US company the order is potentially worth more than £40m over a period of seven years.

Rolls-Royce's new CAD/CAM investment reflects a growing trend in the aerospace industry, with manufacturers increasingly turning to computer systems to help them design and test products before they are manufactured to reduce production lead times and reduce the risk of malfunctions and other teething problems.

Airframe manufacturers such as Boeing of the US and the European Airbus consortium have used CAD/CAM to design what they call "paperless" aircraft to enhance the development of complex aircraft programmes.

Hotel costs still irk tourists

The number of foreign tourists who believe the UK offers good value for money rose last year following sterling's devaluation, but dissatisfaction over the cost of hotels remained high, according to a survey published today.

The British Tourist Authority's annual survey of foreign visitors also found that French and Italian visitors were more dissatisfied than tourists of other nationalities with Britons' inability to speak foreign languages.

The survey found that 55 per cent of visitors in 1993 thought London public transport provided good value, compared with 50 per cent in 1992.

Prices in shops won the approval of 47 per cent, compared with 35 per cent in 1992. Meals were regarded as good value by 42 per cent, compared with only 28 per cent in 1992.

However, hotel accommodation outside London won the approval of only 21 per cent, up from 19 per cent in 1992. London hotels were regarded as good value by 17 per cent of those answering the survey questions compared with 12 per cent in 1992.

Cross-media review urged

Four of the UK's largest newspaper and publishing groups have told the government that the narrow rules on cross-media ownership must be rescinded if Britain is to take full advantage of the multimedia revolution.

According to the British Media Industry Group, which brings together Associated Newspapers, Telegraph Publishing, the Guardian Media Group and Pearson (owner of the Financial Times), the UK rules are the most restrictive in Europe.

Under the 1990 Broadcasting Act the newspapers are limited to one 20 per cent stake in television companies followed by further stakes of no more than 5 per cent.

Slow recovery in building

The decline in the British construction industry has halted and a slow recovery appears to be underway judging by recently published statistics.

These show output is no longer declining with construction orders rising consistently since the Autumn in almost every sector.

Bricks, cement and ready-mix concrete sales have increased, albeit slowly, for the first time since the late 1980s.

Prices of some building materials have started to rise increasing pressure on contractors to put up their own prices.

Commercial property sales have also risen although it will be a long time before this works through to increased development activity.

Instead housebuilding is leading the way out of recession. Demand for new homes has increased as the cost of buying as fallen to the lowest level for more than a decade. Prices have also begun to edge up again, according to building societies.

Immigration rules criticised

Immigration restrictions are depriving UK businesses of much-needed professional and managerial skills, says a new report published today by the left-of-centre Institute for Public Policy Research.

Changes in immigration policy could bring economic benefits in the form of skilled labour and an inflow of investors and entrepreneurs from overseas, the institute says.

It would also help in attracting international companies by making it easier for them to transfer staff into the UK.

Other western countries actively promote immigration *to fill skill shortages* and boost their economies, according to the report.

Britain's policy towards migrants was adopted in the 1960s to deal with large-scale immigration to fill low-skill jobs, the report says.

It neglects the needs of the labour market for selective, skilled immigration and erects unnecessary barriers to entrepreneurs who would invest in the UK and create jobs.

The work permit system operates primarily as a form of entry control, rather than a system for identifying the UK's economic needs for migrants. It should be revised to adapt to current migration and economic conditions, the institute says.

The UK approach is contrasted with that of the US, Canada and Australia, where immigration is seen as a means of attracting people who can contribute to future economic growth.

Substantial numbers of migrants are unlikely to be needed to fill UK labour shortages, the report says.

But relaxation of immigration policy is necessary in a world where certain types of human capital have become much more mobile.

MANAGEMENT

Novel ways to reward

Big companies looking for new ways to reward their employees may find inspiration in the strategy of a leading UK local authority.

Staff at Wakefield metropolitan district council in the north of England have been given the scope to "double" their pay increases this year through an array of discounts and perks with local businesses.

David Williams, head of personnel at Wakefield metropolitan district council, says the deals are designed to help staff retention at a time of low or non-existent pay increases.

"In the present climate of budgetary restraint, we can't offer big pay increases but we have got enormous purchasing power and why not use it?"

He says the deals also encourage the 16,000 full- and part-time council staff and 7,500 employees of West Yorkshire Police Authority to use local businesses.

A report in Personnel Management Plus, a magazine of the Institute of Personnel Management, says that among the biggest savings was one of the first negotiated, nearly two years ago – a half percentage point off the mortgage lending rate of the Bradford and Bingley Building Society.

"The average saving on mortgages will be £500 over three years, which is doubling their pay rise for last year," says Williams. Staff had a 1.5 per cent pay increase in 1993 and are expecting little more this year.

Discounts have also been arranged on personal injury insurance, holiday travel, pizzas and electrical goods, and are being negotiated on new and used cars.

Williams says that with the annual pay increase no longer taken for granted such arrangements will become more common. "It is our job to find more immaginative ways of making people's earnings stretch further."

Richard Donkin

A Lincolnshire businessman tells **Leslie Crawford** of his travails in Kenya

An African adventure

When Eddie Arnold's international trading company went bankrupt in the late 1980s, he decided to take his knowledge of the food business abroad. Kenya's thriving horticultural industry seemed a good place to make a fresh start.

Arnold knew the country well, as it was one of the main suppliers of dehydrated vegetables for his UK clients. Deliveries, however, had become erratic, and Arnold seized the opportunity to go and sort the problem out. Before he knew it, he was taking over the management of a state-owned vegetable processing plant.

Three years later, Arnold has survived crop failures, the evaporation of bank loans, and the loss of a financial partner. He fought to rescue the state-owned factory from receivership, but was evicted when he fell behind with the rent. He recently convinced the Kenyan government to give him back the lease.

Arnold certainly got more than he bargained for in the quest for dehydrated vegetables. Did he underestimate the complexities of operating in an African environment? The Lincolnshire businessman, now 41, confesses that he was seduced by a proposition few western businessmen in Africa can resist: the challenge of turning round an ailing commercial venture whose only handicap is its state-owned parentage.

Across the continent, African governments are under pressure from the World Bank and other creditors to divest from their sprawling progeny. But because public companies are in such poor shape, privatising management has proved to be a convenient half-way house on the road to full-scale privatisation. Foreign investors gain country experience with little or no capital risk, while the government is freed from the day-to-day running of corporations.

For the growing number of foreign managers taking charge of hotels, fishing companies, bottling plants and textile mills in Africa, a management contract looks like a risk-free gamble: minimum capital outlays ensure a big slice of the profits.

Or do they? As Arnold was to find out, it takes more than a pioneering spirit to survive as a businessman in Africa.

When he first arrived, his intention was to work with Pan Vegetable Processors' management and its contract farmers to ensure a smooth delivery of export orders for his clients in Europe. The orders for dehydrated vegetables were worth millions of dollars at a time.

Under an African sky: Eddie Arnold with one of his contract farmers

Arnold realised that the parastatal's problem was that it was chronically short of cash. "I encountered a lack of management skills, the usual fiddles, and the fact that farmers were not being paid," Arnold recalls. "No money, no product – it was a simple as that."

Arnold decided to advance Pan Vegetables some working capital, which produced its magical effect: the factory suddenly had a steady supply of fresh vegetables to process for export.

For a while, everything went swimmingly, with satisfied customers in Europe and a factory operating under full steam in Kenya. But in 1992, Kenya's state holding company, the Industrial and Commercial Development Corp, placed Pan Vegetable Processors into receivership.

"I knew I could turn it into a profitable operation," Arnold says. So in October 1992, he negotiated a three-year lease for the plant.

Then drought struck. Throughout 1993, a merciless sun beat down on the rich farmland of Kenya's Great Rift Valley. Farmers around Lake Naivasha, where the factory is located, lost 80 per cent of their crop. Arnold lost his supply of fresh vegetables, as well as £200,000 invested in seeds and fertilisers for his farmers.

To make matters worse, Kenya was in the middle of a severe credit squeeze and Arnold's pleas for emergency working capital fell on deaf ears. His money dried up, he fell behind on his rent and discovered one day that he had been locked out of Pan Vegetables.

Arnold suspects there may have been an ulterior motive for the lock-out. The factory is an attractive asset, not least because it sits on 200 acres of prime farmland in a land-hungry country. When the government's Parastatal Reform Committee decided the company should be privatised, Arnold suddenly became an inconvenient sitting tenant. His financial difficulties gave the authorities an excuse to break the three-year lease agreement.

However, squabbles between the Industrial and Commercial Development Corp and the Parastatal Reform Committee have delayed Pan Vegetable's privatisation. Samson Juma, ICDC's top legal officer, admits that there is a "tug of war" between the two state organs over who should be in charge of Kenya's privatisation programme.

While the struggle continues, Arnold has the factory on a renewable one-month lease, which makes any long-term planning difficult, not to say impossible.

After much knocking on doors, he has obtained some working capital from Middle Africa Investments, a local firm of financial advisers, and he hopes he can hang on to Pan Vegetables until mid-year, when a new harvest might allow him to recover his original outlays.

Arnold hopes to make a bid for the factory when it comes up for sale. If he were offered another management contract, however, he would avoid his original mistakes: he says he badly underestimated the amount of working capital he would need – a complaint often heard among first-time businessmen in Africa. He negotiated too short a lease on the factory, and was let down by local partners who did not fulfil their financial commitments. Even gambling in Africa, it appears, requires far-sighted planning.

Let them know you're good

Lucy Kellaway is taught the art of self-promotion

This is the story of a yellow rubber band and a bottle of perfume. It is the story of two behavioural scientists from Dallas who, after years of research, found that these two objects held the key to success and recognition.

Put thus, the tale of George Dudley and Shannon Goodson sounds an unusual one, implausible even. Yet in the bizarre world of US motivational gurus this smiling duo are at the normal end of the spectrum, and have earned a reputation for down-to-earth theories and practical advice.

Their starting point is uncontroversial enough. It is that the people who are the best in their jobs do not necessarily get promoted fastest or, to put it in their words, "the cream doesn't rise to the top".

"If you want to make money, you not only have to be good at what you do, you need to make sure that others know how good you are," says Dudley. Most people, he says, have been brought up to think that it is immodest, too forward or downright pushy to promote themselves. But the world has changed, and he argues that self-promotion is the most important thing they don't teach at school.

Madonna has learned it, and so has Ross Perot. These two shine less for their innate abilities than for their outstanding flair at self-promotion.

Mercifully, Dudley and Goodson stop short of promising that we can all be Madonnas or Perots. But they do claim that everyone can overcome their reticence and be a little more successful. To help them, Dudley and Goodson have written a book* which promises to get over what they describe as "call reluctance".

Practising what they preach, the pair were in Britain last week promoting themselves and their book to a group of bemused British managers. Dudley and Goodson introduced them to 12 different sorts of call reluctance, the results of 23 years of painstaking research. Everyone has an average of two of these traits, they said. I had barely opened my mouth before Dudley suggested that my poor self-promotion might be due to "role rejection", a curious trait found in people who feel their jobs are a disappointment to someone close to them.

Other types include "yielders", who are so preoccupied with never offending anyone that they can barely bring themselves to act at all. Then there are people who suffer from "hyper-professional" behaviour. This type is too busy dangling the Rolex to pick up the telephone.

Companies as well as people can suffer from these disorders; Dudley diagnoses IBM as suffering from a classic case of hyper-professional call reluctance. "If you need someone in our sector you'll come to us, because of who we are," is how he characterises the IBM malaise.

His own problem – which he shares with Goodson – is that he overprepares. "We are people who cope with discomfort by insisting on more information. We feel it would be a cataclysm if someone asked a question and we didn't know the answer."

For each of the 12 types the remedy is different. One that works well for one type may be counter-productive for another. Overpreparers do not respond to words and arguments. "We need stronger medicine. This behaviour is habit based, and we need something that would interrupt the habit in sequence."

This is where the rubber band and the perfume come in. On Dudley's wrist he wears a big rubber band. "Every time these feelings hold me hostage, I snapped them with the rubber band. It is the only thing that gets through to me."

To help him overcome his fear of standing up in front of big audiences he sprays some Windsong perfume under his nose. This, he says, reminds him of a happy time in his adolescence, and this smell makes him feel good during the presentation and leaves no room for fear.

**Earning What You're Worth. Published by the Behavioural Sciences Research Press. Tel. 0491 873957 in UK. Price £22.50 inc postage and packing.*

PUBLIC NOTICES

ANNUAL GENERAL MEETING

Notice is hereby given that the 153rd Annual General Meeting of Provident Mutual Life Assurance Association ("the Association") will be held at the Barber Surgeons' Hall, Monkwell Square, London EC2Y 5BL on Wednesday, 20 April 1994 at 12.30pm, for the following purposes:

Resolution 1. To adopt the Report and Accounts for the year ended 31 December 1993.

Resolution 2. To re-elect Mr Martin Charles Findlay, who retires by rotation, as a Director of the Association.

Resolution 3. To re-elect Mr Valentine Patrick Fleming, who retires by rotation, as a Director of the Association.

Resolution 4. To re-elect Mr Simon Manwaring Robertson, who retires by rotation, as a Director of the Association.

Resolution 5. To re-appoint Price Waterhouse as Auditors of the Association, to hold office until the conclusion of the next Annual General Meeting.

Mrs V.G.C. Steadman
Company Secretary
2 March 1994

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Association. A form of proxy can be obtained by writing to the Company Secretary at the Association's Registered Address.

Provident Mutual Life Assurance Association
Registered Address: PO Box 568, 25-31 Moorgate, London EC2R 6BA
Registered in England no 8870

PROVIDENT MUTUAL

CONTRACTS & TENDERS

TURKISH AIRLINES INC.

Turkish Airlines invites any interested parties to tender for the supply of JET FUEL A-1 for the period 1st May 1994 - 30th April 1995 inclusive, at European, Middle East, USA and Far East airports.

Fuel will be purchased under sealed tender by adjudication.

Proposals must be delivered on or before 8th April 1994 17.00 pm *local time to the address shown below.*

Full information on bidding together with technical and administrative conditions are also available, details of contacts are shown below:

Turkish Airlines Inc.
11-12 Hanover Street, London W1R 9HF
or
Turkish Airlines Inc.
Fuel Management, Ataturk Airport
General Management Building, A Bloc 2nd Floor
34830 Yesilköy/Istanbul, Turkey
Telex Nr. 28871 DXTK TR or 21198 TJTK TR
Tel: 0 212 663 47 03 / 0 212 663 63 00 Ext. 1250 or 1253
Fax: 0 212 663 47 44 / 0 212 663 49 04

BRAZILIAN NAVAL COMMISSION IN EUROPE

NOTICE OF PUBLIC TENDER NR. 002/94

Notice is hereby given that BNCE with offices at: 170 Upper Richmond Road, London SW15 2SH, is accepting tenders to choose a supplier of **TRANSDUCERS FOR THE INTEGRATED SYSTEM OF INTERNAL COMMUNICATION - SICI.** The details of this Public Tender are available, at request, at the above address or contact:

Contracts Division:
Tel: 081 788 6111 Fax: 081 788 4190

In the High Court of Justice No. 001336 of 1994
Chancery Division

IN THE MATTER OF
HABITAT UK LIMITED
and
IN THE MATTER OF THE
COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 25th day of February 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £63,000,000 to £7,736,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on the 30th day of March 1994. ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of the hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated this 21st day of March 1994
Lovell White Durrant
65 Holborn Viaduct
London EC1A 2DY
Ref: A4/NTC/MB
Solicitors for the above-named Company

INSOLVENCY ACT & RULES 1986
PEMBROKE (REAL ESTATE) LIMITED
PEMBROKE (LINCOLN) LIMITED
PEMBROKE (BRADFORD) LIMITED
PEMBROKE ST GEORGE'S LIMITED

[illegible]

NOTICE IS HEREBY GIVEN [illegible]

NOTICE IS ALSO HEREBY GIVEN [illegible]

Dated 11th day of March 1994
NIGEL DOUGLAS BACON and NIGEL RUDDOCK
Joint Liquidators

KEPROSCAN LIMITED

[illegible]

PETER COLLINS FOODS LIMITED

[illegible]

COMPANY NOTICES

LEUMI INTERNATIONAL INVESTMENTS N.V.
US $75,000,000 GUARANTEED FLOATING RATE NOTES 1997 EXTENDIBLE AT THE HOLDERS OPTION TO 2000

The interest rate applicable to the above Notes in respect of the interest rate period commencing 21st March 1993 has been fixed at 4% per annum. The interest amounting to US $2,023 [illegible] per US $100,000 principal amount and to US $20,[illegible] per US $1,000,000 principal amount of the Notes will be paid on 21st September 1993 against presentation of Coupon No. 8.

BANK LEUMI (UK) Plc
Principal Paying Agent

bank leumi

THE MONDAY People page

Getting out now the going's better

Luciano Benetton tells **Andrew Hill** about his decision to eschew politics


Trevor Humphries

If there is one man who has a right to appear calm, as Italy prepares for next week's landmark elections, it is probably Luciano Benetton.

Benetton, 60 next year, founded the Benetton Group with his brothers and sister in 1965, and built it into Italy's best-known and most successful clothing company at a time when the now discredited political regime was at the height of its power. During three decades in which many other enterprises were obliged to pay off local and national politicians, Benetton's reputation remains untarnished. Luciano Benetton now heads a worldwide network of more than 7,000 shops in 110 countries, including Albania and Cuba.

Indeed, the only real controversy which has touched the group has been of its own making, in the form of a notorious series of advertising campaigns, culminating most recently in the image of a dead Bosnian soldier's blood-stained battle fatigues, which was banned in certain countries.

It was all the more striking, therefore, that Italy's small Republican party should have persuaded Benetton two years ago to stand for election to the Italian parliament's upper house, the Senate. Benetton was one of several respected personalities not previously active in Italian politics who have been helping to supervise the country's technocratic government. However, he will take part in the poll as a mere citizen, not as a candidate for re-election.

Is the birth of Italy's "Second Republic" really the right moment to retreat from active politics? "I became involved in Italian politics as part of a wider movement striving to overthrow the old political party system," Benetton says. He now believes Italy has nearly achieved that goal; nearly, but not quite. "I'm a bit less worried now than before, but there's still a considerable amount of confusion."

More prosaically, he points out that politics takes too much of his time. "I think specialists are required for politics and you cannot be a specialist in too many things," he says. "I would have had to give up my job, which I'm not prepared to do."

It does not seem to worry Benetton that specialists are in short supply for this election campaign. Indeed, the front-runner is another entrepreneur, Silvio Berlusconi, who is leading the polls at the head of a new party, Forza Italia, and fielding a list of candidates mostly new to politics. Benetton is an admirer of Berlusconi's business acumen, but he remains to be convinced about his political skills.

"He [Berlusconi] has said that if he wins, he will create 1m new jobs and reduce taxes for many categories of Italians – well, I think he needs to prove it," Benetton says. "It's certainly not going to be an easy task. In this country a lot of money was squandered, a lot of public money was very badly employed and I think that Italians cannot really be told that just one person is going to solve all the problems of the public deficit, just like that."

It is easy to understand why Luciano Benetton feels happier out of politics. The caring, "green" image of the Benetton Group is largely the work of its chairman. The group's headquarters in a white-painted villa near Treviso in north-east Italy seem a long way from what its chairman describes as the "boring" but inevitable bluster and hyperbole of the election campaign.

Any similarities between Benetton's style and that of other prominent Italian industrialists are superficial. For example, he dismisses the suggestion that the family holding company's 4 per cent stake in a new daily, La Voce, is an attempt to match the media ambitions of other entrepreneurs. The company is simply part of a consortium, he says, investing partly out of "curiosity", partly out of confidence in La Voce's founding editor, Indro Montanelli, a disgruntled former Berlusconi editor.

Benetton is politically to the left of Berlusconi, whose party is allied with the federalist Northern League and the neo-fascist National Alliance. Although Benetton represented the Republican party, he now seems more likely to favour the recently formed Democratic Alliance, part of the left-of-centre Progressive grouping.

In any case, Benetton believes that such distinctions are less and less relevant to the business of managing Italy: "I believe that the economic programmes [of left and right] should not be too different, because, after all, certain issues which were taboo for many years, such as privatisation and [reduction of] public debt, will have to be faced by any government."

He cites the approach of the technocratic governments of the past two years as an example of what could and should be done. "Rather than seeing people inventing something new I'd like to see good administrative management being pursued."

In practice, however, Benetton predicts uncertainty in the immediate aftermath of next week's election. He, like many Italians, believes electoral reforms and political alliances will have to be refined, and a second election called. This could usher in a period of more stable British-style politics, dominated by two or three parties.

It seems unlikely that short-term confusion in Italian politics will upset the general calm at Benetton Group headquarters. Helped by devaluation of the lira in 1992, and by the abolition of Italy's wage indexation system, the group has continued its tactic of dropping prices to fight the global recession.

"As a company we only want to be able to operate in a country which has a structure and a system that enables us to compete with other countries," he adds. "We don't have any specific expectations [of a new government]. As Italians, we know that the country will have to change and will have to implement some major projects, in particular the state will have to reduce its presence. But this is important to us as citizens, not as Benetton Group."

Personae . . .

Mathis: a bear-hug from Welch

What's it like being caught in a bear-hug by Jack Welch, one of the US's most powerful corporate bosses? Not pleasant, as David Mathis, boss of financial services group Kemper, is finding out, writes **Richard Waters.**

A "bear-hug" is Wall Street's favoured term for the tactic employed last week by Welch, head of General Electric, to force Mathis to accept his \$2.2bn unwanted advances: offer a big premium for the company, then sit back and wait for Mathis and his board to crumble to shareholder pressure and accept.

The 55-year-old Mathis has every reason to feel peeved. Just two years ago, Kemper was on its knees, weighed down by bad property investments and poorly performing property/casualty and reinsurance businesses.

That Kemper has bounced back is largely down to him. Mathis sold off the insurance operations (apart from the life business) and relieved much of the pressure from real estate. Followers of the company are unanimous in their praise for his efforts.

Mathis could be the ultimate company man. His college education was backed by a Kemper scholarship, and he has spent his entire career at the fund management, life insurance and broking group, based near Chicago. After working his way up on the insurance side, (including starting the group's operations in Europe) he stepped up to become chairman and chief executive in March 1992, at the height of Kemper's difficulties.

It must be particularly vexing for Mathis that the company's rebound caught the eye of Welch and his team before it attracted the attention of the stockmarket. His argument now that Kemper should be left alone to get on with its business rings hollow: Welch's hug is feeling tighter all the time.

Siew lands his plum job

Richard Siew will be coming home – well, almost – in May when he takes up his new role as managing director of overseas operations at Hall Engineering (Holdings), the UK metal stockholding, steel products and automotive engineering group, writes **Andrew Baxter.**

Siew, born in Kuala Lumpur and a Malaysian citizen, will be based down the road in Singapore for what will be a pivotal role developing Hall's Pacific Rim interests – destined to feature strongly in the future of the Shrewsbury-based group.

A self-assured man who has risen quickly through the company's overseas businesses, Siew came to the UK in 1979 but has always had his sights set on a plum job in the Far East.

He trained as an accountant, but did not want to become an auditor, so – attracted by the spread of the company's international operations – joined Hall in 1983 to get some industrial and management experience. After working in Saudi Arabia for four years, Siew moved to Malawi for Hall in what he calls a "trouble-shooting assignment". Three years of restructuring Press Steel & Wire proved to be a prelude to a much tougher job in South Africa, where he arrived in 1990.

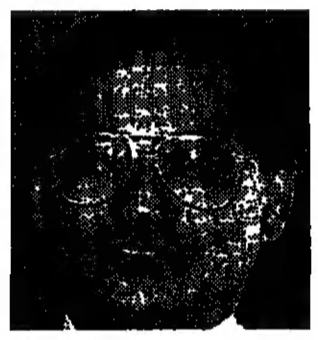
Over the past four years as chief executive of Hall's interests in South Africa, Siew has "downsized" a business which was close to financial collapse because of borrowing restrictions, got rid of loss-making operations, reduced the workforce from 1,000 to about 250 and repositioned it for the future.

If things go well, Siew will have little trouble-shooting to do in his new role. Since he will be operating in his own backyard, he sees a unique opportunity to develop Hall's businesses in Asia, many of which are joint ventures with BHP of Australia.

Siew will have a twin role of exploiting emerging markets, such as Vietnam, for Hall's more basic products, while pushing higher technology business opportunities, such as automotive engineering, elsewhere.

China, where Hall has hardly scraped the surface so far, is a top priority.

The Hall associate companies, which overall make the biggest contribution to Hall's profits, have been investing heavily in new equipment and manufacturing sites in Hong Kong, Indonesia and Vietnam.



John Tucker's international alliance

German corporate history was made on Friday when John R. Tucker became the first ever American to take the helm of a big German company, writes **Michael Lindemann.** Tucker will become chief executive of München Motoren und Turbinenunion (MTU), a subsidiary of Deutsche Aerospace (Dasa), on July 1.

He joins a handful of foreigners in senior German management, as companies – previously managed exclusively by Germans – fight to strike new international alliances. Tucker, 46, is expected to follow in the footsteps of his predecessor, Hubert Dunkler, and become a member of the Dasa board in the next few weeks.

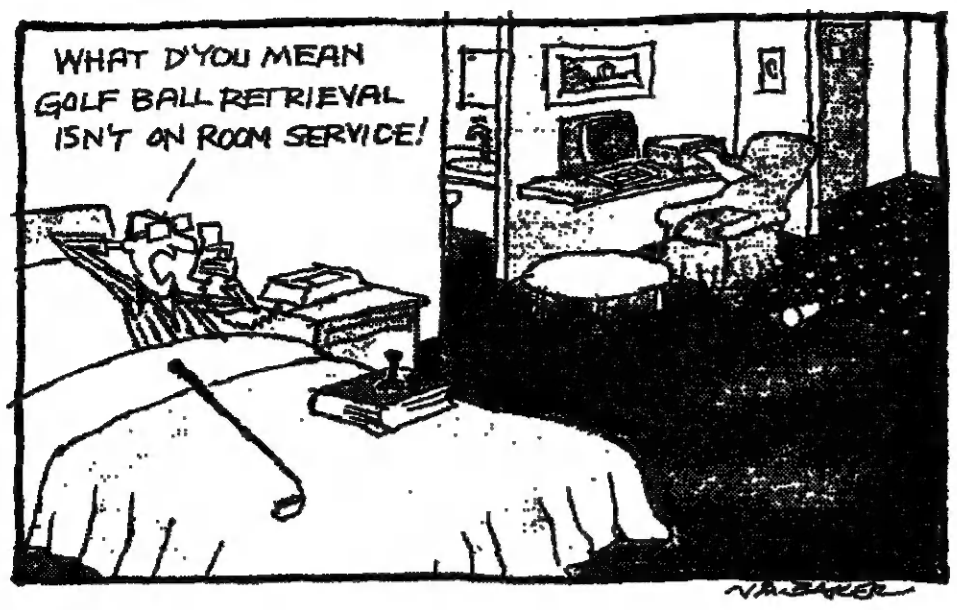
Industry analysts have suggested the appointment is meant to strengthen Dasa ties with Pratt and Whitney, the leading US engines manufacturer, and rival the successful co-operation between General Electric and Snecma of France.

The new MTU boss began his career at Westinghouse Electric in 1968. Most recently he was chief executive at AEG Transportation Systems, the Pittsburgh-based subsidiary of the German multinational which is a market leader in propulsion and people-mover systems. He is credited with pushing sales up to a record \$210m in 1992 and revolutionising working practices among the 1,100 workers.

BUSINESS TRAVEL

Michael Skapinker explains what you can expect if you stay on a hotel's executive floor

Rooms where class matters



If you stay on the Executive floor of the Brussels Hilton, your bathroom mirror will have a heated unit behind it to stop it misting up. On the Crown Club floor of London's Grosvenor House hotel, you will be attended by staff who are paid more than those on other floors to ensure that you get even better attention.

The class system, so firmly established on the world's airlines, has now arrived at Europe's top hotels. There are five-star hotels, promising business travellers every comfort, service and convenience. And there are designated floors within five-star hotels offering even more comfort, service and convenience – at a price.

Executive floors have been a feature of Asian hotels for several years, but are becoming increasingly common in the US and Europe.

Today, the Club floor of the *Churchill Inter-Continental*, near London's Oxford Street, opens for business. For £210 a night for a single room – about £25 more than you would pay elsewhere in the hotel – you can use the exclusive Club floor check-in desk, instead of the one in the lobby.

Club floor guests also have their own lounge, offering complimentary breakfast and evening cocktails. There is also a library on the floor, and a fax and modem socket in each bedroom. Guests have a valet to unpack their suitcases, and their clothes are pressed without charge. A meeting room is also provided free of charge, subject to availability.

Inter-Continental recently opened a similar floor at its hotel in Frankfurt.

At first sight, the offerings of the Churchill Inter-Continental's Club floor do not look particularly enticing. The private lounge is small and the view from it is uninspiring. The "library" is even smaller, with a glass-fronted bookcase in it. Club guest rooms resemble other five-star hotel rooms and, although they have the promised modem and fax sockets, so, it appears, do the other rooms in the hotel.

The idea behind executive floors in top hotels is a strange one. Hotels already offer different levels of service at graded prices. If the service offered by the five-star hotels is not required, or is too expensive, you can always stay in a two or three-star hotel.

But if you do elect to pay five-star rates, you expect the service that goes with it. If those paying even more for an executive floor in a five-star hotel receive the sort of service that makes doing business possible, what sort of service are guests on other floors getting?

Mr Geoffrey Breeze, vice-president of Hilton International, which offers Clubroom, "a new service focus" at more than 60 of its hotels, explains: "Almost all Hilton International hotels are business-oriented and all of our guests receive service of the highest standards. One in 10 of our guests request executive floor accommodation. This customer requires extra services, immediately to hand, and is more likely to use the hotel as a base for business.

"While we would like for the other nine to get a taste for executive floors, we are committed to providing all customers with the same quality of service." Got it?

Ms Melanie Baker, Inter-Continental's communications director, says the attraction of an executive floor is that it offers guests the personal attention of a small "boutique" hotel, while still providing the facilities of a large five-star establishment. "It offers the person travelling on business more of a private club. It's a privacy issue."

Ms Vanessa Leak, head of travel management marketing at Thomas Cook, says access to a smaller lounge on the same floor as the bedroom is particularly attractive to women.

Mr Neil Kirby, deputy general manager of the Grosvenor House, puts it this way. A room on the Grosvenor House executive floor costs £45 more than elsewhere in the hotel. But the executive floor price includes breakfast, which will cost you £13.95 if you are staying on one of the other floors.

On the executive floor there is also free use of the minibar, he says, and room service lunch or dinner is provided free. Free clothes pressing is also offered – a service you have to pay for if you are on one of the other floors.

Moreover, on the executive floor of the Grosvenor you get free use of the meeting room. In most London hotels this would cost £250 to £300 a day. The executive floor provides a package of services, which, as a business traveller, you might otherwise have to pay for individually. The final cost therefore is unlikely to be greater than staying elsewhere in the hotel.

The hotels are convinced their guests view the service this way, because demand for executive floors is strong. Far from being a passing fad, special floors are here to stay, they say.

Airlines know what this means. Offer two classes and those in the cheaper one will ask for an upgrade.

Do hotels allow ordinary guests to upgrade to executive floor without paying extra? "Definitely not," is the response from the reception desk on the Churchill Inter-Continental's executive floor. Mr Kirby concurs: "We don't upgrade." Never? "Unless it's a very regular customer."

While London hotels say business is picking up, occupancy elsewhere in Europe is still low. Ask for an upgrade to the executive floor. What have you got to lose?

Ringing the charges

Telephoning from hotels around the world can cost you dear, says **Andrew Adonis**

Our recent invitation to readers to send in tales of mammoth hotel telephone charges yielded a barrage of festering grievances.

The main complaint concerned the premium levied by hotels, both for direct-dialled calls from bedrooms and for the use of telephone calling cards, a prime purpose of which is to avoid extortionate hotel phone charges in the first place.

One reader, staying at the Royal Moat House Hotel in Nottingham last month, was charged £82 for a 22-minute off-peak call back home to Singapore. The standard BT tariff for the call is about £17 – representing a nearly five-fold mark-up.

His complaint was not just at the size of the bill, but at the hotel's failure to make clear the scale of the mark-up. The list of "hotel services" in the bedroom states simply that "calls are charged at 30p per unit for 5 units and 25p for subsequent units" – which, as he writes, "provides absolutely no information to overseas guests who are unaware of the relationship between units and minutes".

A reader staying at the Bellhouse Hotel in Beaconsfield, Buckinghamshire, was well aware of that relationship, and used his BT calling card to avoid it. He was caught nonetheless by a "facility charge" for the use of such calling cards cards of 20p a minute. Both hotels confirm the charge rates.

One-off "access charges" are common – 75 cents being the norm in the US – but facilities charges are in a different league. "What next?" asks the reader who stayed at the Bellhouse. "Charges for incoming calls – after all, they have to be answered by the hotel operator?"

A visitor to Taipei was faced with a four-day hotel bill of £1,050 including £600 in phone calls – "I made some long calls to the UK and Tokyo, but was not prepared for that amount." However, his main complaint was against the leading phone company whose card he was using: its inaccurate billing system produced a grossly inflated bill.

So it pays to check your bills. It also pays to complain. The Bellhouse visitor got a refund; so did another reader, who faced a $100 phone bill at a central Washington DC hotel, made up of 100 charges of $1 for each call made using a calling card. He had his bill halved, and is pressing for a discount on the access charge for travellers making an above-average number of hotel calls.

Some readers think the age-long custom of asking people to call you back is the only remedy. This also avoids calling-card premiums, although card charges are far lower than direct-dial rates levied by most hotels. But if you are using a calling card from a public phone, be careful not to be seen tapping in your personal identification number (PIN). One reader had his AT&T code "stolen" at Heathrow and was sent an $18,000 bill – "presumably for drug calls all over the world".

It is notable that virtually all responses came from self-employed consultants or employees of small companies. Are they the only travelling executives who look at their hotel bills before paying?

Colonial era revisited

Vietnam Airlines will offer flights from Hanoi to Dien Bien Phu from April 1, spurred by demand from French visitors visiting the site of the battle which ended French rule 40 years ago.

BA in Bulgaria

British Airways will resume regular services to Bulgaria in May after a 12-year lapse.

US expansion

KLM Royal Dutch Airlines will fly to 28 more US destinations from Amsterdam this summer, and add Osaka in Japan to its scheduled flights in September. Flights to Ho Chi Minh city in Vietnam will become bi-weekly, instead of weekly. Schipol, the Netherlands' main airport, had 21m passengers last year, up 11 per cent.

Closing time

Greece has imposed a 2am closing time on hundreds of bars, clubs and restaurants. The government said the law would cut crime and boost worker productivity.

Gravy train

Hoteliers in Corfu are trying to profit from the European Union summit which will take place there in June, Greek minister for European affairs Mr Theodoros Pangalos said on Friday.

Mr Pangalos said owners of the three largest hotels on the island wanted payment for six days from those attending the June 23-25 summit. "They were trying to profiteer when they should have thought more seriously about their customers," he said.

The hoteliers demanded the Greek state pay for the extra two days when embassies in Athens refused. "I had no problem with the people of Corfu. I had a problem with the three big hotel owners, none of whom is from Corfu," Mr Pangalos said.

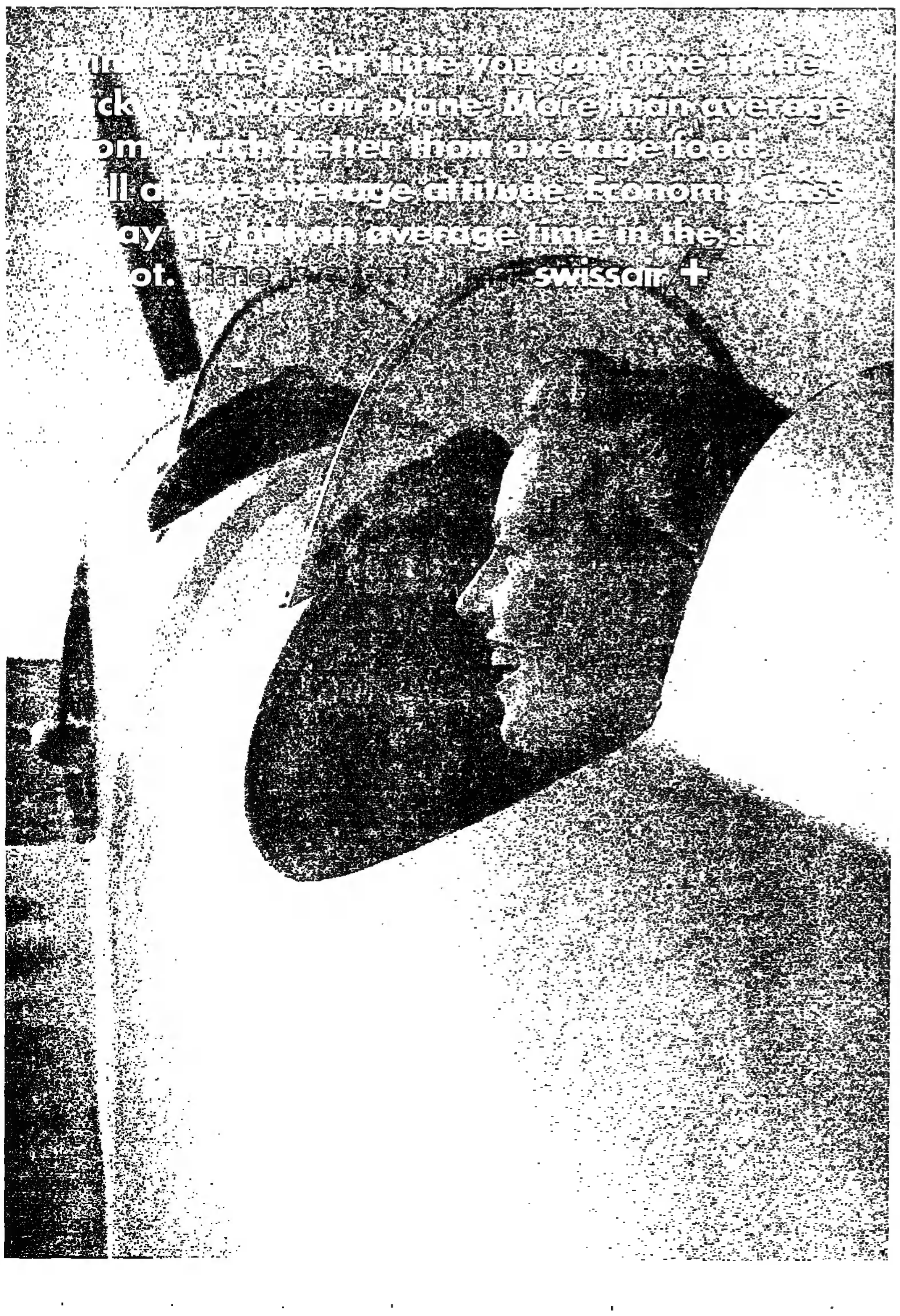
Warsaw bridge

Two workers were hurt when a gas explosion damaged one of Warsaw's main bridges over the River Vistula on Sunday. Traffic has been rerouted away from the Slasko-Dabrowski Bridge, which connects the suburb of Praga with Warsaw's picturesque old town.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	8	9	14	13	10
Hong Kong	24	21	21	23	21
London	12	14	15	16	15
Frankfurt	9	15	16	18	16
New York	12	[illegible]	16	15	11
L. Angeles	19	21	22	18	19
[illegible]	17	19	22	21	19
Paris	14	17	18	16	16
[illegible]	12	15	10	19	17

Maximum temperatures in Celsius
Information supplied by Meteo Consult of the Netherlands



[redacted]

For 86 years they have come annually from all corners of the kingdom, to honour the gods of hearth and home gathered in a great temple in the capital. They come to perform ablutions in special cabins, [redacted] worship the wok, to conduct arcane rites with potato peelers and chant to the rhythms of silent pianos (courtesy of Yamaha). All this to the glory [redacted] the ideal home.

The Daily Mail Ideal Home Exhibition [redacted] in London at [redacted] Court until April 10. It ought to be [redacted] great celebration of domestic [redacted] a practical demonstration [redacted] to make your home more ideal.

It should give purpose to our work and its creation should be one of the most creative exercises [redacted] we perform. I would like to think that an ideal home, or at least an exhibition [redacted] homes, had something about it [redacted] architecture [redacted] design and that [redacted] visual and design [redacted] were [redacted] by [redacted].

When I went there the other day, full of pious h[redacted] I was expecting to see [redacted] vision that the the thousands [redacted] worshipping homemakers had come to witness. Mrs John Major was there, a comforting figure who clearly likes the quiet domestic virtues and is not seduced by the shallow glamour of passing fame. I can imagine her Hoovering in Huntingdon and enjoying it. And there is nothing wrong with that. In fact, sometimes I think the whole world has been especially laid out for the housewife [redacted] enjoy while her chap is [redacted] up in some air-conditioned box trying to find ways of paying the DIY bills.

It was Jane Austen's Emma who said: "There is nothing like staying at home for real comfort." And then there was that [redacted] American decorator, Billy Baldwin, who said: "I have been thinking lately how comfort is perhaps the real luxury."

[redacted] was also Jane Austen who seems to have invented the [redacted] "English comfort", [redacted] she described [redacted] pleasing English country view: "It [redacted] a [redacted] view – sweet to the eye and the mind. English verdure, English culture, English comfort, seen [redacted] bright sun without being oppressive." It must be this sense of peaceful harmony that [redacted]ost people [redacted] thinking about [redacted] longing for when they think of home. Any housewife, [redacted] sex, who can [redacted] a miracle.

Is [redacted] this [redacted] perfection on earth that is [redacted] the back of the minds of all the [redacted] Earls Court? Are [redacted] side chapels on the endless aisles of Earls Court full of manufacturers praying [redacted] find [redacted] miracle?

I would like to think that this was the case, even if only at some subliminal level. I particularly hoped to find it in the village of show houses; in previous [redacted] I *remember this being the absolute heart of* [redacted] exhibition. It was here that I hoped to find not just the hearth of the nation, but some inspiration for the future of domestic design.

I was not sure whether to cheer, or not, at the sight of the Marks and Spencer show house. I wondered whether this successful retailer was about to join the design revolution started by Terence Conran and his Habitat stores, which brought the simplicity contemporary design to the [redacted] Or [redacted] and Spencer going down [redacted] cut-price Ralph Lauren route? After all, [redacted] can now take off your [redacted] underwear and slip [redacted] your M&S dressing gown, take [redacted] bath with your M&S soap, dry yourself with [redacted] M&S towel and *sleep between your M&S gingham sheets.* [redacted] you [redacted] you can revive yourself [redacted] some M&S blood orange juice and slump in your traditional [redacted] arm [redacted] or venture on to the terrace to sit in your M&S rattan chair from "Siam", to enjoy a glimpse of your Lichfield or Lyndhurst [redacted] Newbury or Cadogan furniture [redacted] graces your drawing room. This is the vision: a semi-detached view of tradition that [redacted] neither one thing nor the other. [redacted] cheap [redacted] expensive, not actively [redacted] but [redacted] particularly good design.

Is [redacted] the ideal home? Or [redacted] it [redacted] *"Ducal"* [redacted] house – untouched by modernism and yet equally unaware of any real tradition of domestic architecture? Why are these ideal homes so bad? Is it [redacted] poverty of [redacted] architecture that [redacted] this reactionary mediocrity [redacted] just [redacted] continue, but to [redacted] the norm when it comes to the average British [redacted] for sale on the speculative market?

[redacted] architectural profession seems [redacted] no interest in improving [redacted] design of the average British house. Why is it not possible to buy [redacted] house extension or [redacted] new [redacted] kitchen that is as well-designed as the average car? What happened to prefabrication that it can produce loos [redacted] a developer at Broadgate [redacted] nothing [redacted] domestic [redacted]!

[redacted] disappointing as [redacted] houses is the design that won [redacted] Daily Mail Design Award. This design was by [redacted] student [redacted] the Royal College of Art, [redacted] Powell, [redacted] designed something [redacted] a mollusc, which he described as "a series of separate [redacted] which [redacted] together [redacted] form a [redacted] living space". They [redacted] curved [redacted] piled [redacted] on top of the other – not unlike the erections you see [redacted] the corners of building [redacted] – with no design distinction in spite of their [redacted] "solar assist kits".

The Ideal Home Exhibition has one virtue. You [redacted] go [redacted] bliss [redacted] with them untouched. The tragedy of this great [redacted] event is [redacted] it fails [redacted] capitalise on the one area of life that is important to [redacted] It [redacted] ideals, and sadly without [redacted] significant ideas, for the future of [redacted] lives at [redacted].

Village inside Earls Court: the tragedy of this event is that it fails to capitalise on the one area of life that is important to all of us

COLIN [redacted]

A semi-detached vision

Colin Amery finds London's Ideal Home Exhibition short on ideas and good design

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Theatre

Sacks's The Man Who

The writings of [redacted] neurologist Oliver [redacted] among the most exciting [redacted] our time. Not only do *Awakenings, A Leg [redacted] Stand On, [redacted] Man [redacted] His Wife for a Hat,* and [redacted] feature some [redacted] the best-written [redacted] studies since Freud, they also trace new [redacted] between body and mind, time and [redacted], memory and present awareness, logical and instinctive thought.

And their influence on the performing [redacted] has [redacted] Pinter's play *A [redacted] of Alaska*, the film of *Awakenings*, the Second [redacted] multi-media work *New Tactics*, Michael Nyman's [redacted] *His [redacted] for a Hat* and more. [redacted] director/producer Peter Brook [redacted] joined [redacted] ranks. His staging [redacted] *Who. . .* (originally per[redacted] in France as *L'Homme qui...*) [redacted] now embarked upon a 10-week British tour – starting [redacted] the [redacted] Theatre, Manchester, as part of [redacted] City of Drama '94.

The [redacted] about Brook's production of *The Man* [redacted] *. . .*, a brisk plunge into the [redacted] of [redacted] that [redacted] anecdotes are often fascinating [redacted] way that they are in [redacted] book. The [redacted] news is that [redacted] are all Brook [redacted] assembled. Neither [redacted] he [redacted] *The* [redacted] *. . .* into [redacted] work of art, nor has he [redacted] more exceptional [redacted].

[redacted] see [redacted] a kind [redacted] collage. There [redacted] man mistaking his wife for [redacted] hat; [redacted] man [redacted] lost all sense [redacted] his own [redacted] (he cries in terror: "Why [redacted] put an amputated leg in my bed?"); [redacted] man who, shaving only one [redacted] he has shaved all; the man [redacted] thinks [redacted] *still* a boy. Astounding [redacted] often moving.

The atmosphere [redacted] generally cool, objec[redacted] The [redacted] Brechtian, [redacted] not [redacted]. Four of the [redacted] performers swap roles, becoming patients and doctors by turns; the fifth provides occasional accompaniment [redacted] kamanicheh, [redacted] stringed instrument. Live videos are sometimes used to record details of [redacted] patients' behaviour, sometimes [redacted] the patients things [redacted] themselves they [redacted] fail [redacted].

Brook [redacted] not [redacted] described by Sacks. Indeed, [redacted] a little deconstruction – chopping [redacted] studies up into [redacted] one patient's story re-enacted by [redacted] actors, replacing [redacted] white Anglo-Saxon [redacted] with African, Oriental, [redacted] French performers.

Brook [redacted] of [redacted] most abiding [redacted] profound themes – the miraculously therapeutic effect of [redacted] Music, indeed, [redacted] one of [redacted] most lightweight [redacted] of [redacted] play. From time to time the [redacted] its affecting [redacted], but it [redacted] – like film music – *only to* [redacted] *the* [redacted] *effect* [redacted] scene.

[redacted] of Brook's four speaking perform[redacted] with French accents, which are in two cases so strong that they start to [redacted] charming in themselves, [redacted] dis[redacted] us from [redacted] being [redacted]. There is no [redacted], only chairs, video screens and a [redacted] props. And [redacted] that [redacted] *minimum of* [redacted] *characterisation* is [redacted] pity, for it [redacted] important [redacted] to [redacted] us the effect [redacted] neurological disorder [redacted] individual character.

The Man [redacted] *. . .* is an array of interesting and touching information. But it [redacted] a far more clinical and narrow work than Sacks's book, and [redacted] just [redacted] it omits [redacted] philosophical and literary references [redacted] *so loves.* [redacted] keeps marvelling at the complexity of [redacted] human mind and saying: "What a piece [redacted] is man." [redacted] work, more ironic and [redacted] just [redacted] "Curiouser [redacted] curiouser."

Alastair Macaulay

The UK tour of *The* [redacted] *Who. . .* includes [redacted] Playhouse (March 29-April [redacted] Tramway, Glasgow (April 12-23), [redacted] Nottingham Playhouse (April [redacted], and the Royal National Theatre, London [redacted] 4-21).

Music in London

A young quartet and London Brass

For the past 20 years or so, first-class string quartets have been springing up as [redacted] before. There [redacted] no simple answer to "Why?" – but there are some [redacted] tors, all interconnected. [redacted] recordings have [redacted] quartet repertoire [redacted] to all [redacted] people [redacted] might never have discovered it earlier; [redacted] quartet teams can [redacted] make professional careers than there used to be room for; for distinguished [redacted] quartets, [redacted] has [redacted] moral duty [redacted] coach new ensembles. This is a happy state of affairs.

In the Wigmore Hall on Wednesday the young Vogler Quartet – which has been coached by the LaSalle Quartet and the great Sándor Végh – gave the last of three well-planned concerts, each featuring very *late works of two classical composers* and [redacted] strong contemporary exhibit. [redacted] team, the Vogler Quartet is a year younger than [redacted] excellent Carmina Quartet (also winner of the crucial Evian competition). [redacted] praises have [redacted] this page often, but Wednesday's [redacted] convinced me that it [redacted] among *the* [redacted] individual and enthralling [redacted] heard.

The quartet played Haydn's and Schumann's last quartets, and György Kurtág's First (written in [redacted] when he [redacted] thoroughly practised 33-year-old, but [redacted] "op. 1" because [redacted] breakthrough into [redacted] composing). In [redacted] work the *players* [redacted] *impressive – above* all [redacted] super-rich, communicatively [redacted] muscular, [redacted] yet [redacted] with the players' separate char[redacted] which the glories [redacted] chamber [redacted] would remain [redacted].

[redacted] "sound" [redacted] a string [redacted] tet [redacted] no simple thing. [redacted] involves the sub[redacted] balancing [redacted] parts [redacted] *collectively* focused attack, as well [redacted] timbre. [redacted] splendid Vogler sound bespeaks a [redacted] musical unanimity, [redacted] which leaves plenty [redacted] room for [redacted] personalities. Thus the players could deliver [redacted] great [redacted] Haydn's op. 77 no.2 with [redacted] pelling [redacted] but vitally lit [redacted] by individual thrusts: marvellous to hear. Again, in [redacted] Quartet in A, [redacted] 3, the [redacted] section [redacted] variation-movement acquired [redacted] towering, rambunctious impetus [redacted] rarely hear.

Yet elsewhere [redacted] Schumann, [redacted] Voglers could indulge expansive *rubati* to maximal [redacted] without dropping [redacted] the curves they threw might have bordered [redacted] winsomeness, had [redacted] inten[redacted] and palpable. In the [redacted] wildly inventive [redacted] Kurtág's quartet, [redacted]. Through wickedly syncopated [redacted] and unmeasured dramatic suspensions, they were knife-edged and spot-on.

[redacted] for the *outré* [redacted] string colours that the [redacted] Kurtág demanded, [redacted] quartet brought it all to palpable life (at [redacted] *cost* [redacted] *snapped viola-string in* mid-stream, and [redacted] long pause while it was replaced). Every bizarre [redacted] made [redacted] sharp expressive point, inseparable [redacted] notes, and they all struck directly [redacted] lasted, the [redacted] to [redacted] density of [redacted] Kurtág [redacted] doesn't, [redacted] the Voglers triumphantly persuaded us that it did.

David Murray

[redacted] launched [redacted] 10-day Contem[redacted] tour at [redacted] Queen [redacted] Hall with a [redacted] reflecting [redacted] enterprise. [redacted] 10-piece [redacted] – four trumpets, four trombones, horn [redacted] – [redacted] out of the Philip [redacted] Ensemble in 1986, [redacted] much [redacted] challenge [redacted] tions of brass music.

Thursday's [redacted] featured [redacted] contemporary works by [redacted] all London Brass commissions, with a set of Venetian canzonas in the middle. The music of Gabrieli and his contemporaries is, of course, central to the brass repertory, *and here the pieces were dispatched* with flair. The [redacted] is not an [redacted] venue for [redacted] works – they [redacted] church, preferably St Mark's in Venice – but they came [redacted].

[redacted] programme's opening works, Dominic Muldowney's [redacted] Nigel Osborne's *Canzona: Procession of boats with distant smoke, Venice*, both art-*inspired, picked up the Italian theme.* Muldowney's seemed the more successful. It is based on a steady pulse provided by a centre-stage metronome, round which rhythmic counterpoints build [redacted] of exuberance. Little tonal [redacted] like "[redacted] objects" [redacted] painting. [redacted] the title. The Osborne relies heavily [redacted] hazy, shifting sonorities, but [redacted] interesting than [redacted] ideas.

Indeed, much [redacted] the evening's music [redacted] poverty of invention, [redacted] ing that [redacted] were [redacted] by the [redacted] of [redacted] medium – [redacted] instruments can [redacted] wonderfully liquid and irresistibly *crunchy* – and forgot [redacted] *developing* [redacted] Nyman's *For* [redacted] *Cage*, given its first London performance here, [redacted] a very un-Cageian pastiche [redacted] recycled big-band gestures. *Bayo's Way* by Jeremy Arden, [redacted] tuba and ensemble, [redacted] like [redacted] miniature [redacted]. The form [redacted] clear, [redacted] of electronics unimaginative, limited mostly to highlighting [redacted] vulgarity in long [redacted] *of* violent burping. One had to [redacted] Oren Marshall's virtuosity.

Mark-Anthony Turnage's [redacted] rounded off [redacted] evening and provided a corrective. [redacted] of [redacted] is richly textured, and both [redacted] languid Blues and *joyous Bacchanale* [redacted] *mind* and ear.

John Allison

On tour: Liverpool, March 21 [redacted] Hexham, [redacted] Dartington, [redacted] 26 [redacted] Bracknell, [redacted]

INTERNATIONAL

ARTS GUIDE

■ BERLIN

OPERA/DANCE

Staatsoper unter [redacted] Linden The main event this week is the premiere on [redacted] Dorn's new production of *Elektra, conducted* by Daniel Barenboim and designed by Yannis Kounellis, [redacted] a cast [redacted] by Deborah Polaski, [redacted] Priew, *Alessandra* Marc, Falk [redacted] and [redacted] Goldberg (repeated March 31, April 5, 10). Repertory includes Entführung and [redacted] Nureyev production [redacted] Sleeping Beauty. Tonight's song [redacted] given by Eberhard Büchner (200 4762/2035 4494)

Deutsche Oper Götz Friedrich's *new production of a Schoenberg/* [redacted] double-bill - Erwartung and Duke Bluebeard's Castle - *opened* [redacted] night (repeated March 23, 31). Repertory [redacted] *includes* Peter Schaufuss' production [redacted] *and Tannhäuser* with René [redacted] Anne Evans (341 0249)

CONCERTS

Schauspielhaus Tonight: David [redacted] Miller conducts Berlin Symphony Orchestra in works by *Goldmann, Mozart and Schubert/* Berio, [redacted] piano soloist Radu Lupu. Tomorrow: [redacted] recital. Wed: David Geringas is cello [redacted] with MDR Chamber Orchestra. Thurs, Fri, Sat: Markus [redacted] conducts Berlin Symphony *Orchestra in Cherubini, Beethoven* and Respighi. Sun: Achim Zimmermann conducts Berlin Radio Orchestra and Singakademie in Frank Martin's oratorio Golgotha. [redacted] Mon: Zubin Mehta [redacted] Vienna Philharmonic [redacted] 2156)

Philharmonie Tonight: Hartog Quartet plays works by *Mendelssohn, Ligeti and Schumann.* Tomorrow: Sophie Mautner piano *recital.* Thurs: Fritz Weisse conducts [redacted] Philharmonic [redacted] and Berlin Concert Chorus in rarely-performed works by Saint-Saens, Sibelius and Fauré. Fri: [redacted] Akademie für [redacted] in [redacted] Passion. [redacted] The Berlin *Philharmonic* [redacted] in Salzburg [redacted] April 5 (2548 8132)

■ NEW YORK

OPERA/DANCE

Metropolitan Opera Tonight is the premiere of Elijah Moshinsky's [redacted] production of Otello, conducted by Valery Gergiev, designed by Michael Yeargan [redacted] Peter J. Hall, with [redacted] led by Placido Domingo, Carol [redacted] and Sergei Leiferkus. Repertory [redacted] La [redacted] Soviero [redacted] Richard Leech, Adriana [redacted] *Mirella* Freni and [redacted] Lima, [redacted] Il [redacted] Siviglia [redacted] and Vladimir [redacted] (362 6000)

[redacted] **Theater** Dance [redacted] Harlem's season runs till Sun, followed by Joffrey Ballet April 6-17 [redacted]

Joyce Theater Limon Dance Company [redacted] in [redacted] April 3 (242 0800)

CONCERTS

Avery Fisher Hall *Tonight:* Kurt Masur conducts New York Philharmonic Orchestra [redacted] works by Mozart, Bartok and Schumann, with [redacted] Glenn Dicterow. Tomorrow: Gil [redacted]. Wed, Thurs, Fri: Masur conducts *Schoenberg, Berg and Beethoven,* [redacted] (875 5030). Sun afternoon at Alice Tully Hall: [redacted] recital (721 6500)

Carnegie Hall Tonight [redacted] Tues: Ivo Pogorelich piano [redacted]. Thurs: Kyung-Wha Chung, accompanied by Peter Frankl, plays [redacted] by Bartok, Beethoven, [redacted] and [redacted]. Fri: Lindsay String Quartet plays Haydn, Tippett [redacted] (247 [redacted]

THEATRE

■ [redacted] Hytner's [redacted] *production* [redacted] Rodgers and Hammerstein [redacted] is recreated [redacted] Hayden, [redacted] London production, heading the American [redacted] as Billy Bigelow. In previews, [redacted] opening night [redacted] Thurs (Vivian Beaumont, Lincoln Center, [redacted]

● Angels in America: Tony Kushner's two-part drama is epic in [redacted] and superbly [redacted] is Millenium Approaches, part [redacted] Perestroika, played on [redacted] evenings (Walter Kerr, [redacted] St, [redacted]

■ Pounding Nails [redacted] Floor [redacted] My [redacted] Eric Bogosian's monologue on life in the 1990s mows down all the sacred cows of political correctness. [redacted] scathing, scatalogical, exhilarating rant (Minetta Lane, [redacted] Minetta Lane [redacted] of Sixth Ave, 307 4100)

■ Laugh[redacted] on the 23rd Floor: Neil Simon's 27th Broadway play, about a group of writers trying to come up with a new show, is one of his finest comic efforts. Directed by Jerry [redacted] (Richard Rodgers, [redacted] West [redacted] St, 307 4100)

● She Loves Me: the 1963 Bock, *Harnick and Masteroff musical* is a delicate, unabashedly simple story with all the humanity, integrity and [redacted] that Broadway's mega-musicals lack (Brooks Atkinson, 256 West 47th St, 307 4100)

■ Crazy For You: this musical based on Gershwin's Girl Crazy recently passed [redacted] anniversary on Broadway. A highlight of its glitzy, fluffy entertainment is Susan Stroman's *wildly imaginative choreography* (Shubert, 225 West 44th St, 239 6200)

● My Fair Lady: Howard Davies' genial new production of the Lerner and Loewe musical, with Richard [redacted] as a suave [redacted] Higgins and Melissa Errico the attractive Eliza (Virginia, [redacted] West 52nd St, 239 6200)

JAZZ/CABARET

Bottom [redacted] Tonight's [redacted] is jazz diva Cassandra Wilson, whose eclectic, *brilliantly dramatic* style draws on funk and rap influences. Appearing with her are the Mahotella Queens, who will perform a [redacted]. Darlene [redacted] appears tomorrow [redacted] West 4th St at Mercer St, 228 6300)

Blue Note Zawinul Syndicate and Mike Stern Group are in [redacted] week, [redacted] (131 West 3rd St, 475 8592)

[redacted] **Pub** [redacted] Bagneris continues *his salute to Jelly Roll* Morton. Woody [redacted] plays [redacted] in a Dixieland-jazz ensemble on Mondays (211 East 55th St, 758 2272)

Supper Club Little Richard appears [redacted] West 47th [redacted]

■ PARIS

DANCE/OPERA

Palais Garnier Final performances of a triple bill of new Roland Petit [redacted] are tonight and tomorrow. The Opéra [redacted] presents a mixed bill on Sat, Sun and Mon, featuring works by Béjart, Balanchine and Bessy (4742 5371)

Opéra Bastille Final performance *of Carmen* [redacted] *tonight, with cast* headed by Marta Senn. Robert Lloyd gives [redacted] recital on Wed. Khovanshchina, scheduled to open on [redacted] 31, has been cancelled. The next production is Alceste, opening April 20 (4473 1300)

Châtelet Peter Stein's WNO production [redacted] opens on Sun for four performances [redacted] by [redacted] Robertson, with cast headed by Alison Hagley, [redacted] Archer and Donald [redacted] (4028 2840)

CONCERTS

Théâtre des Champs-Elysées Tonight: Jean-Marc Luisada piano recital. [redacted] Frans Brüggen conducts Orchestra of 18th Century in Haydn's The Creation, [redacted] including Joan Rodgers [redacted] John [redacted] Ainsley. Thurs: [redacted] conducts [redacted] Colonne in Debussy, [redacted] and Stravinsky, [redacted] piano [redacted] Tacchino. Fri: Zubin [redacted] *Philharmonic* [redacted] *in Wagner,* Schubert [redacted] morning: Jean-Claude Malgoire [redacted] La [redacted] Ecurie in [redacted] performance of Gluck's [redacted] (Italian version), with [redacted] Bowman and Lynne [redacted] (4952 [redacted]

Théâtre [redacted] Fri, [redacted] Yuri Bashmet, accompanied by Oleg *Maisenberg, plays works for* [redacted] and piano by Britten, Mozart, [redacted] and Schumann (4274 2277)

[redacted] **Pleyel** Wed; [redacted] Jessye Norman (4561 [redacted]

JAZZ/CABARET

[redacted] jazz [redacted] Ernie [redacted] *and Johnny* [redacted] *open* a [redacted] engagement tonight [redacted] Hampton Jazz Club. [redacted] from 10.30pm [redacted] 2am (Hotel [redacted] Etoile, 81 Boulevard Gouvion St Cyr, tel [redacted] 3042)

THEATRE

● Three [redacted] a new production [redacted] play [redacted] by [redacted] Langhoff. *Till April 1* [redacted] la [redacted] (4274 2277)

■ [redacted] *Shakespeare's tragedy* can be seen in a new production [redacted] *Marigny staged by former* [redacted] Terry Hands (4256 0441), [redacted] in Georges Lavaudant's swift, exciting [redacted] version [redacted] Française, with [redacted] Mitrovitsa as a fiery Danish prince (4015 0015)

ARTS GUIDE

Monday: Berlin, [redacted] York [redacted] Paris.
Tuesday: Austria, Belgium, [redacted] Switzerland, Chi[redacted] Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

MONDAY TO FRIDAY
NBC/Super [redacted] *FT Busi*[redacted] Today [redacted] FT [redacted] Tonight 1730, 2230

MONDAY
NBC/Super Channel: *FT* Reports 1230.

TUESDAY
Euronews: FT Reports 0745, *1315, 1545, 1815,* [redacted]

WEDNESDAY
NBC/Super Channel: FT [redacted]

FRIDAY
NBC/Super [redacted] FT Reports 1230
[redacted] FT Reports 0230, [redacted]

SUNDAY
NBC/Super Channel: FT Reports [redacted]
Sky [redacted] FT Reports 0430, 1730;

Let's think boldly about education

MICHAEL PROWSE on AMERICA

I doubt you could find [redacted] politician anywhere [redacted] would challenge the [redacted] to improve education and training, especially for [redacted] academically inclined. As [redacted] Detroit jobs conference illus- [redacted] yet again, policymakers are united in believing that [redacted] education can boost productivity and [redacted] the supply [redacted] "high quality" jobs.

Given this [redacted], thinking [redacted] educational reform remains bafflingly timid. Education is still organised according [redacted] guidelines advanced in the [redacted] 19th century. For the most part this antiquated *model is unquestioned*, [redacted] though we would be horrified if other aspects of [redacted] life [redacted] in [redacted] timewarp. Imagine, for example, if we still [redacted] to rely [redacted] the horse-and-buggy [redacted] the telegraph.

One typically 19th-century assumption [redacted] that education [redacted] *something* [redacted] life. You are [redacted] first, [redacted] 16, [redacted] or whatever, [redacted] you [redacted] world of work, at [redacted] point you can happily stop learning.

There [redacted] two critical assumptions here. The first [redacted] that [redacted] of change [redacted] you learn early in life will remain relevant [redacted] later. The [redacted] people can be sorted [redacted] according [redacted] their youthful educational attainment. The chap with an [redacted] "first" [redacted] genius for [redacted] the 16-year-old school leaver (barring the occasional John Major) forever a dunce.

Both assumptions are palpably [redacted]. It [redacted] not socially [redacted] economically acceptable [redacted] write people off because they failed at school. Nor in today's fast-moving economy should anybody, whatever [redacted] age, assume they can [redacted] past [redacted] laurels. We should be moving toward [redacted] model in which work and education occur in [redacted] throughout [redacted] lives.

Yet little [redacted] to promote greater flexibility in the timing [redacted] educational investments. Evening [redacted] and [redacted] learning [redacted] Cinderella [redacted] education. Governments heavily [redacted] young students, [redacted] of whom lack motivation, [redacted] largely ignoring the greater needs of adults struggling [redacted] combine work, child-rearing [redacted] study.

A change of mindset [redacted] *required. In the US, higher* education [redacted] crushing financial burden on professionals (or their parents) [redacted] they do [redacted] labour [redacted] until [redacted] 20s. A typical pattern is four [redacted] liberal [redacted] followed by three years [redacted] school or [redacted].

[redacted] reversed [redacted] the vocational qualification [redacted] first, [redacted] people could [redacted] working in [redacted] early [redacted] indebted, they could [redacted] out of pocket [redacted] whatever other edu- [redacted] they [redacted] or [redacted]. It ought [redacted] regarded [redacted] normal [redacted] careers [redacted] tinuing [redacted] of [redacted] kind.

The 19th-century model [redacted] in countless other [redacted]. Teaching methods [redacted] not [redacted] pace with techni- [redacted] change. When interactive multimedia technology [redacted] ically permits students [redacted] learn efficiently [redacted] their own [redacted] are still [redacted] absorb information slowly through the medieval lecturer and [redacted] "one [redacted] fits all" format.

The school day and [redacted] school curriculum [redacted] still [redacted] into quite arbitrary fragments according [redacted] long-outdated blueprint. [redacted] children, for example, are required [redacted] study natural sci- [redacted] but not economics, which [redacted] necessarily [redacted] more rele- [redacted] for daily life. [redacted] merely reflects the lack of clout of economics as [redacted] "new" academic [redacted] at [redacted] time when [redacted] modern [redacted] curriculum [redacted].

In Britain's ludicrously overspecialised universities, students can *literally* spend three or four [redacted] studying just one subject [redacted] as geography [redacted] French. And [redacted] where, for all their reputed intelligence, are as respectful of arbitrary demarcation lines as any forelock-tugging trade unionist. [redacted] university economists, for example, would dream [redacted] gaining expertise in other [redacted] sciences. Each "expert" inhabits his own cell, [redacted] oblivious [redacted] the work [redacted] wearing different [redacted].

Why [redacted] the world of education – from kindergarten [redacted] post graduate [redacted] – [redacted] hide- [redacted] *short* [redacted], I fear, is that it is an enterprise that [redacted] almost everywhere dominated by [redacted] public [redacted]. Without huge [redacted] higher education simply would not [redacted] on its [redacted]. And [redacted] might not matter: [redacted] university [redacted] not [redacted] much of a drag on the 18th-century *Enlightenment*.

[redacted] schools, [redacted] paternal- [redacted] for achiev- [redacted]. But [redacted] price paid [redacted] turning [redacted] be [redacted]. We now [redacted] in [redacted] topsy-turvy world [redacted] par- [redacted] happy [redacted] spend large [redacted] homes, gadgets and holidays but regard "free" [redacted] education as [redacted] natural right. If more people [redacted] be persuaded [redacted] regard [redacted] as [redacted] service [redacted] which they should [redacted] at [redacted] something (preferably [redacted] lot), and [redacted] some direct control, they might [redacted] amazed by [redacted] subsequent [redacted] reform.

[redacted] market [redacted] effect, teaching [redacted] and curricula would rapidly adjust [redacted] the diverse [redacted] of children. There would probably [redacted] heavy investment in [redacted] technology and [redacted] resulting [redacted] in [redacted] salaries, offset by [redacted] fall in educational employment.

The most revolutionary change is [redacted] schools' priorities and procedures [redacted] be [redacted] by tradition [redacted] regulation, but by the ever-changing [redacted] customer-students. [redacted] this so frightening [redacted] prospect, so [redacted] undemocratic, that [redacted] must cling [redacted] a bureau- [redacted] that is [redacted] failure for up to 70 per cent of the population?

Pitted against past failures

Michael Smith on the outlook for companies mining collieries discarded by British Coal

At 59, he had never worked for a private sector company and his job for 36 [redacted] with British Coal, ended when [redacted] was sacked. But that has not stopped him making one of the most remarkable debuts on the London Stock Exchange in recent years.

It is just six months since Mr Malcolm Edwards, former British Coal commercial director, took over as chairman of Geevor, a once renowned tin mining company. But since then shares in the company, renamed Coal Investments, have increased [redacted] than [redacted] enfold in value to 76p. Although dealings in the [redacted] have been suspended, pending a capital raising [redacted] cise, [redacted] likely [redacted] stand [redacted] a top performer [redacted] past [redacted] when share [redacted] tions resume [redacted].

The [redacted] striking in [redacted] where fortunes [redacted] declining [redacted] and, [redacted] the government's controversial pit [redacted] programme, publicly. Moreover [redacted] pany plans [redacted] initially at least, from pits rejected [redacted] unprofitable by British Coal. It currently owns [redacted] pit, [redacted] tiny mine in [redacted] which [redacted] rejected [redacted] by [redacted] Coal [redacted]. The [redacted] main [redacted] in [redacted] Investments, however, [redacted] in [redacted] plans [redacted] poration [redacted] closed recently.

[redacted] not [redacted] only [redacted] will thrive by mining [redacted] Coal's cast-offs.

[redacted] mainly [redacted] group, [redacted] its shares increase by more than [redacted] London [redacted] exchange [redacted] 400p since [redacted] flotation [redacted] June. Investors approve of [redacted] plans [redacted] lease up to four [redacted] by British Coal, [redacted] of which, Clipstone [redacted] Nottinghamshire, it is already operating.

[redacted] in south Wales, [redacted] management buy-out team [redacted] attracted £2.5m of funds, mainly from Barclays Bank, [redacted] operate [redacted] mine [redacted] by British Coal last year.

[redacted] 28 redundant pits closed and put out [redacted] tender for leasing and licensing in [redacted] at [redacted] are [redacted] reopened [redacted] private licence, and bids [redacted] being considered for [redacted] four. [redacted] Coal Investments, RJB, and Betws Anthracite [redacted] a fall?

British Coal questions [redacted] is [redacted] enough [redacted] all [redacted] ees to [redacted]. It also [redacted] out that the [redacted] being reopened will turn [redacted] they [redacted] under [redacted] stewardship – perhaps under half [redacted].

[redacted] planned [redacted] their pit operations will, together [redacted] their marketing, [redacted] profitability.

Mr [redacted] Budge, [redacted] executive, [redacted] British Coal "[redacted] culture [redacted] nearly [redacted] as [redacted] industry – with all [redacted] problems [redacted] brings in bureaucracy [redacted] industrial relations. We [redacted] starting with a [redacted] black [redacted] we [redacted] writing [redacted] numbers."

[redacted] on [redacted] pits which the private operators [redacted] shaking [redacted] "dead hand of the centre". Mr Charles Kernot, analyst at stockbroker Crédit Lyonnais Laing, explains: "British Coal has always [redacted] because, as well as running pits, [redacted] has had [redacted] perform tasks like keeping [redacted] to [redacted] plans [redacted] industry [redacted] supplying [redacted] facts and [redacted]. [redacted] licensed [redacted] will [redacted] have to bear the [redacted] of centralised costs that management did [redacted] British Coal."

The new operators [redacted] bigger [redacted] flow from [redacted] mining techniques at [redacted] pits, from a change [redacted] workplace culture, [redacted] trial [redacted] which [redacted] British [redacted] neglected in [redacted] pursuit of [redacted] larger electricity generating market.

Mining techniques vary [redacted] siderably. [redacted] Anthracite's 90 [redacted] will [redacted] future by using explosives and their hands [redacted] hew [redacted] coal, rather than [redacted] "long wall" [redacted] ting machinery operating in most [redacted] mines.

In the brave new world of leasing and licensing the role of unions will be limited

However, [redacted] RJB's Clipstone *colliery, the only* [redacted] *pit* reopened so far, there is no [redacted] nificant technological change. "[redacted] will be different," says Mr Budge, "will [redacted] the attitude of [redacted] and [redacted] amount [redacted] they use the machinery."

In the brave new world [redacted] leasing and licensing the role of unions will be limited. Neither RJB nor Coal Investments will bargain collectively with unions, although employees will be [redacted] join unions [redacted] may represent them in [redacted] individual grievance.

Both companies [redacted] their workers to be *shareholders*. "That will [redacted] their minds [redacted] the business," [redacted] Mr Edwards.

A new flexibility [redacted] also [redacted] encouraged [redacted] the workforces. At Clipstone, electri- [redacted] are being [redacted] when [redacted] a lull [redacted] usual [redacted].

Mr [redacted] Green, [redacted] British [redacted] employee [redacted] 14 [redacted] being taken [redacted] by RJB, [redacted] "At [redacted] more involved with other depart- [redacted] than [redacted] British Coal. I prefer that."

Mr [redacted] other workers say their earnings [redacted] comparable [redacted] British [redacted] days – [redacted] and RJB [redacted] to [redacted] – but [redacted] *they* [redacted] *prepared to work* [redacted] it. Mr [redacted] pre- [redacted] RJB's Clipstone will produce [redacted] a [redacted], half the [redacted] years ago, but with a [redacted] of the men.

This, of course, [redacted] a [redacted] yet to be achieved. Successful though RJB has been in the past [redacted] has made its name largely in opencast mining. This requires different [redacted] and techniques from those needed for deep mines, although RJB [redacted] bled productivity in three [redacted] since taking over two small deep pits in Cumbria. And, in the [redacted] of Coal Investments, Mr Edwards has made his [redacted] as a marketing man rather than as [redacted] mining engineer directly involved in [redacted] coal, although his company, like RJB, is employing former British Coal managers.

Coal industry sceptics are concerned less with the ability of prospective [redacted] to cut [redacted] than [redacted] the UK coal market. Initially, the [redacted] aim to displace imports of [redacted] tonnes-plus [redacted] coal for household consumption and 1.5m tonnes for general industry (excluding steel).

British Coal believes the [redacted] can [redacted] for [redacted] market [redacted] 3m [redacted] a year, but warns they will have [redacted] compete with coal imported from countries such [redacted] Colom- [redacted] South Africa and the US, and extracted by the companies which will [redacted] British Coal's [redacted] after privatisation [redacted] year and [redacted].

If British Coal's assumptions [redacted] right, perhaps [redacted] six [redacted] pits each producing about [redacted] a year, plus Betws producing 120,000 [redacted] could hope [redacted] remain [redacted] business. But [redacted] that might be optimistic. Mr Neil Clarke, British Coal chairman, spelt [redacted] dangers when [redacted] said recently he expected some producers to [redacted] "squeezed from [redacted] market".

Mr [redacted] by saying pit [redacted] this year will deprive [redacted] market [redacted] and [redacted] coal a [redacted]. That increases licensees' potential markets.

[redacted] sees [redacted] for displacing [redacted] of the 8m [redacted] coking coal [redacted] year by British [redacted]. Moreover, [redacted] British Coal's [redacted] also make [redacted] allowance [redacted] possibility [redacted] cutting [redacted] more [redacted] 3m [redacted] imported [redacted] year by the electricity generators.

Arguments [redacted] a deep impression [redacted] investors in Coal Investments, RJB and Betws Anthracite. For all three companies, however, the hard work is ahead. They will prove their worth only if and when they extract their targeted tonnages of coal consistently and cheaply from deep mines, and then sell it profitably to the markets which they say are there for the taking.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

[redacted] 071 [redacted] Letters transmitted should [redacted] clearly typed and not hand written. [redacted] set [redacted] for [redacted] resolution

Lack of answers dogs Citizen's Charter

[redacted] Symons.

Sir, In his Personal View *article* [redacted] *17), William* Waldegrave suggests [redacted] Citizen's Charter [redacted] a "glass half full", [redacted] filling rapidly.

[redacted] on to claim that the Financial [redacted] had [redacted] the mistake of not recognising that his reforms in the public [redacted] are [redacted] than merely charters, [redacted] privatisation and contracting [redacted] as well. The problem is [redacted] it [redacted] almost impossible [redacted] get any hard information from the minister [redacted] government [redacted] exactly [redacted] much [redacted] being spent [redacted] reforms.

For example, in answer [redacted] three parliamentary [redacted] *within one* [redacted] *on* [redacted] value of consultancy contracts government ministers claimed that the information [redacted] either *"commercial in confidence"* (parliamentary questions [redacted] the [redacted] and industry secretary January 31, and to [redacted] minister, Department of Health February 7) [redacted] work involved in preparing an answer would be dispropor- [redacted] (parliamentary [redacted] tion [redacted] the minister, Welsh [redacted] January 31). The minister claims that £100m [redacted] last [redacted] through market testing and contracting [redacted] but he will [redacted] give a [redacted] breakdown [redacted] figures involved.

Equally, [redacted] on [redacted] consultancy [redacted] *enormously*. [redacted] Treasury will provide information on the [redacted] such contracts, [redacted] example on job [redacted] *and auditing*, [redacted] *all* information connected with privatisation. Meanwhile, the ministry [redacted] prepared [redacted] give a [redacted] value [redacted] all [redacted] sultancies [redacted] including privatisation, and then [redacted] all consultancy [redacted] than £10,000.

[redacted] variations in practice, [redacted] impossibility [redacted] eliciting [redacted] reforms, the minister can hardly [redacted] that fundamental questions [redacted] just how much value for money [redacted] really is in public [redacted].

[redacted] now [redacted] a move [redacted] being [redacted] with- [redacted] competitive tendering; and answers to parliamentary questions since last March reveal *many departments and* [redacted] cies are not going out to tender before placing market testing consultancy contracts.

Until the minister, and perhaps as importantly Sir Peter Levene, the prime minister's efficiency adviser, can answer straightforward questions with straightforward answers there will [redacted] this single-minded policy [redacted] more on dogma than [redacted] value for money.

Elizabeth Symons,
general secretary,
Association of
First Division Civil Servants,
2 Caxton Street,
London SW1H 0QH

Openness in US airline industry

[redacted] Mr Jochen [redacted].

Sir, It is amazing [redacted] the [redacted] American industry [redacted] its [redacted] policies. On [redacted] one [redacted], it accuses [redacted] Japanese of shutting [redacted] their [redacted] competitors. On that point, the [redacted] are [redacted] tainly right. However, [redacted] hand, it would be logical if [redacted] behaved [redacted] the same [redacted] they demand from other countries. For example, [redacted] row [redacted] the [redacted] USAir code-sharing agreements ("US stalls over BA-USAir code-sharing", March 17) proves that contradictory [redacted] clearly.

[redacted] as the Japanese compa- [redacted] enjoy their competition-protected home market, so the American airline industry still [redacted] routes. The strategy, which is especially being pursued by Ameri- [redacted] Delta Airlines, [redacted] foreign carriers access [redacted] the US "core" market [redacted] not correspond [redacted] the [redacted] policy [redacted] market liberalisation, often lectured on by the Clin- [redacted] administration.

[redacted] is [redacted] bring the [redacted] lasting quarrel in the American airline [redacted] an end. [redacted] sense [redacted].

Jochen Murach,
Rudolf-Guby-Str.1,
94032 Passau,
Germany

Efficiencies alone will not be enough

[redacted] Langdon.

Sir, Last [redacted], Mr Ian Byatt, director-general [redacted] Ofwat, [redacted] water industry regulator, requested [redacted] companies [redacted] canvass [redacted] on [redacted] scale. They [redacted] asked what improvements they would like, for [redacted] own benefit [redacted] for the benefit [redacted] the environment. They were [redacted] told the likely impact on prices [redacted] options put [redacted] them.

It [redacted] curious therefore that, [redacted] judge from [redacted] report [redacted] his [redacted] speech ("Water [redacted] told [redacted] costs", March 15), the regulator will not provide [redacted] companies with the means, in his forthcoming review [redacted] price caps, [redacted] provide the quality [redacted] service customers desire.

Criticising the high profits [redacted] water companies in [redacted] years, [redacted] regulator makes no reference to the fact that two-thirds of them have been re-invested in the business.

The companies will continue their already significant progress towards greater efficiency and cost cutting. But this alone will not square the circle.

Janet Langdon,
director,
Water Services Association,
1 Queen Anne's Gate,
London SW1H 9BT

Jobs conundrum that must be tackled

From Dr [redacted]

Sir, Your leader ("Summit for good jobs", March 16) rightly points [redacted] cyclical [redacted] structural unemployment [redacted] the G-7 jobs summit [redacted] not the whole story. Fine tuning existing concepts will not [redacted] needed [redacted] with the third type [redacted] unemployment, "conceptual unemployment". Such areas as non-commercial values, low [redacted] entrepreneurship, non-transferable wealth and the protectionism of local [redacted] thinking about.

[redacted] point technology, design [redacted] competitive pressures will produce more value [redacted] fewer people. Within [redacted] full employment will produce more value than can possibly [redacted] by [redacted] can pay [redacted].

There [redacted] much need for fundamental new thinking about economic habits as [redacted] is [redacted] employment. The maximising mission [redacted] capitalism [redacted] the distributive mission [redacted] socialism [redacted] only the [redacted] same coin. [redacted] new [redacted] involving pluralism and parallelism in which different values have their [redacted].

I suggest that the EU sets [redacted] commission [redacted] do some seriously [redacted] thinking [redacted] these matters [redacted] that the Detroit parade [redacted] elevated employment [redacted] the level [redacted] international concern rather than domestic housekeeping.

Edward de Bono,
L2 Albany,
Piccadilly, [redacted] *9RR*

Out of the frying pan, into another empire?

From Manko Pekkulo.

Sir, Taking into [redacted] the [redacted] the accession of Finland to [redacted] European Union, it is [redacted] misplaced to [redacted] "Finlandisation" was not that bad. Our [redacted] peculiarity was probably [redacted] protected under [redacted] influ- [redacted] than by the treaty [redacted] the union. [redacted] realistically, we must accept [redacted] an empire has fallen and another [redacted] rising. After Sweden and Russia, now it's [redacted] Europe.

It [redacted] part of Finland's destiny [redacted] belong to [redacted] empire. Then just don't call it "accession", but "annexation"!

Manko Pekkulo,
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FINANCIAL TIMES

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Monday March 21 1994

Global warming

The world's first treaty on combating the threat of global warming – one [illegible] two conventions [illegible] [illegible] the [illegible] Rio Earth Summit – becomes international law today. [illegible] Wednesday in Geneva, 80 [illegible] also [illegible] broad [illegible] on setting [illegible] the [illegible] Environment Facility, a $2bn fund to help developing [illegible] [illegible] this goal.

These agreements represent [illegible] [illegible] [illegible] past decade's [illegible] ambitious attempts to tackle global "green" [illegible]. However, neither the treaty nor the fund come close [illegible] a solution.

The global warming hypothesis [illegible] that increasing [illegible] [illegible] "greenhouse gases" in [illegible] atmosphere – particularly [illegible] dioxide – will [illegible] the planet [illegible] warm. [illegible] [illegible] that it [illegible] [illegible] decades [illegible] [illegible] or [illegible] [illegible] theory conclusively. Nor [illegible] it [illegible] [illegible] for years whether, if warming [illegible] occuring, its [illegible] [illegible] damaging [illegible] beneficial.

Rio set out [illegible] find [illegible] [illegible] curbing growth in [illegible] of [illegible] [illegible] in [illegible] [illegible] hypothesis [illegible] correct. However [illegible] treaty, in [illegible] much-amended [illegible] [illegible] which finally [illegible] agreement, requires signatories only [illegible] draw up plans [illegible] curbing emissions, not [illegible] make [illegible] [illegible].

The GEF [illegible] [illegible] unlikely [illegible] [illegible] more than [illegible] [illegible] surface [illegible] [illegible] task, given [illegible] [illegible] [illegible] [illegible] budget and the dozens [illegible] [illegible] petitioning for a [illegible].

In practice, devising a [illegible] agreement on curbing emissions is likely to [illegible] impossible. First, policing such agreements [illegible] hard since emissions are difficult to monitor. Second, countries will be tempted to renege, particularly if they are convinced that they will benefit from other countries' [illegible] tinued observation of the rules.

The greatest obstacle, however, is securing agreement on the distribution [illegible] cuts in emissions between different countries, given that any deep cuts are more than likely to slow [illegible] growth. Developed countries see the rapid projected growth in emissions in China and India – and in Russia, should its economy revive – as the greatest threat to atmospheric stability. However developing countries may reasonably respond that [illegible] present atmospheric [illegible] tration of these gases comes from industrialised countries, which will continue to supply the bulk of emissions for years.

A more fruitful route may be to pursue the co-ordinated removal of subsidies [illegible] [illegible] fuels, particularly coal, which would [illegible] encourage energy efficiency.

[illegible] should [illegible] redirect their [illegible] and [illegible] [illegible] considering how to mitigate the [illegible] of [illegible] change if [illegible] occurs. That could [illegible] changing agricultural patterns, [illegible] [illegible] building dams around low-lying [illegible] in case [illegible] [illegible] rise.

Governments showed [illegible] [illegible] [illegible] they wanted to [illegible] [illegible] tionary steps [illegible] global warming remains a potential but unproven hazard. These two approaches – eliminating subsidies and mitigating the effects of climate change – should provide the way ahead.

Italy's election

Which [illegible] [illegible] starkly contrasting versions of Italy's future will emerge from the [illegible] [illegible] [illegible] less [illegible] [illegible] [illegible] time? One version is the Italy of political confusion, [illegible] an old [illegible] has [illegible] lapsed and politicians [illegible] slogans over how to replace it. The other is [illegible] Italy [illegible] [illegible] reform – of curbed budget deficits, low inflation, rising exports and privatisation. Will the [illegible] [illegible] political as well as economic renewal, [illegible] will it [illegible] political uncertainty and thus risk undermining economic progress?

Probably it will do [illegible]. The election [illegible] unlikely to deliver a clear-cut result that [illegible] [illegible] with the past [illegible] corrupt coalition politics. But nor [illegible] the ensuing turbulence derail economic reform. [illegible] likely, it will lead – [illegible] a period [illegible] party horse-trading – to formation of a government committed [illegible] the sensible reformist path [illegible] by [illegible] [illegible] predecessors. [illegible] [illegible] *change* . . .

To [illegible] that [illegible] new order will not be [illegible] dissimilar [illegible] the old might seem odd. Italy is experiencing an unparalleled upheaval, with [illegible] of [illegible] former political [illegible] [illegible] by scandal. For the [illegible] time voters [illegible] to have [illegible] genuine choice between politicians preaching social democracy and [illegible] espousing conservative and economically liberal values.

But [illegible] side [illegible] likely [illegible] [illegible] an absolute parliamentary majority. The hybrid electoral [illegible] tem may well produce a parlia[illegible] just as fragmented [illegible] [illegible] last, while the alliances of left, right and centre will splinter as soon as the campaigning is over.

At least as important as the electoral arithmetic will be the economic constraints facing a new government. They are so severe that, in practice, the voters' choice may well turn out to be a mirage.

In the past two years, the technocratic governments of Giuliano Amato and Carlo Azeglio Ciampi have made great strides towards reducing the budget deficit, curbing the relentless rise in government debt, and encouraging wage restraint. Their efforts have brought a fall in interest rates and a devaluation-led surge in exports. But the virtuous circle they have created remains fragile, and the financial markets are on the alert for signs of back-sliding.

It is in this context that the politicians' sometimes extravagant campaign promises must be judged. Mr Silvio Berlusconi, the businessman leader of the Forza Italia movement, tantalises Italians with the prospect of a lighter tax burden without troubling to explain how it might be achieved. Translating this into government policy, however, would produce an instant lira sell-off and [illegible] rapid rise in interest rates.

[illegible] informed [illegible] know [illegible] the real [illegible] [illegible] face is [illegible] persevering with [illegible] nomic [illegible] and [illegible] [illegible] from the mainstream of European integration. The benefits of reform are already evident. If the politicians throw it off course, they will reap [illegible] bitter reward.

Atlantic flights

[illegible] US [illegible] Britain [illegible] stepped [illegible] from [illegible] brink [illegible] an airline [illegible] war. We should [illegible] thankful for that. [illegible] tit-for-tat [illegible] would have [illegible] transatlantic passen[illegible]. It would [illegible] [illegible] put [illegible] the cause [illegible] global airline liberalisation [illegible] the two countries profess [illegible] [illegible] [illegible] [illegible] on [illegible] ing [illegible] [illegible] [illegible] to competition.

But it would be too soon to celebrate. Washington's decision [illegible] week to extend [illegible] a year a ticket "code-sharing" arrangement [illegible] British Airways and its [illegible] USAir merely buys time to break the logjam over creating an open [illegible] regime [illegible] [illegible] two countries. Negotiations stalled when the US pulled out of talks late last [illegible]. [illegible] are still no plans [illegible] resume [illegible].

[illegible] is needed is [illegible] [illegible] more vision from the key players: Mr Federico Peña, the [illegible] transportation secretary, [illegible] Mr John MacGregor, his British counterpart. They must free themselves from a mercantilist perspective, whereby their negotiating positions have been driven by their national airlines. That is [illegible] recipe for procrastination [illegible] ultimate failure as the [illegible] players [illegible] an incentive [illegible] maintain their [illegible] ing [illegible].

Instead, Mr [illegible] [illegible] Mr MacGregor should look [illegible] [illegible] national interests. From this perspective, [illegible] benefits [illegible] opening the skies is great. [illegible] present bilateral agreement between London and Washington specifies which airlines [illegible] fly [illegible] [illegible] between which airports. Freeing up the system would lead to more competition and cheaper fares. It would also enable new air routes between the two countries to be opened up. Regional airports such as Manchester and Cincinnati would be the biggest gainers. Passengers would not need to travel so often to gateways like Heathrow and New York's JFK to catch their transatlantic flights.

Lower fares and greater convenience would boost traffic. This would have a knock-on effect on trade and tourism. It would also enhance Britain's position as Europe's principal hub for US flights and allow it to build on its comparative advantage in aviation vis-a-vis the rest of Europe.

This, in turn, would help Washington secure similar open skies deals with other European countries. At present, its only liberal regime covers traffic to the Netherlands. Though some progress was made last week in opening up traffic to Germany, the US has no agreement with France. If Paris and Bonn saw more of their transatlantic traffic being diverted through the UK following an open skies agreement with the US, they would have every incentive to fol[illegible] suit. Such a dynamic of competitive liberalisation has been apparent in the telecommunications industry, also characterised by a maze of bilateral deals.

With so much to gain, Mr Peña and Mr MacGregor must set a date [illegible] new talks. With the right spirit, it should [illegible] possible [illegible] break the logjam.

The impact of derivatives on financial market stability is unknown. **Tracy Corrigan** asks if regulators should worry

On trial for dangerous dealing

There [illegible] a new breed [illegible] bogeymen in the financial markets – hedge fund managers, who make large bets on price movements using private clients' money.

They have [illegible] demonised, in particular, for driving bond prices down sharply last month by suddenly withdrawing bets on European bond markets. They had taken fright at the US Federal [illegible] decision to raise interest rates for [illegible] first time in five [illegible].

The Bank [illegible] England [illegible] now investigating [illegible] activities [illegible] hedge funds – pools [illegible] money which [illegible] switched between financial markets [illegible] exploit short-term opportunities. Regulators worry [illegible] [illegible] lending to hedge funds could [illegible] banks vulnerable to heavy [illegible].

But there is [illegible] aspect of [illegible] hedge fund industry that strikes greater [illegible] [illegible] the hearts [illegible] regulators: their heavy use [illegible] derivatives. These [illegible] sophisticated financial instruments such as options and futures, which give [illegible] [illegible] right (options) or the [illegible] (futures) to buy securities, [illegible] cies or commodities at a set price at a [illegible] date. [illegible] (agreements [illegible] exchange [illegible] [illegible] or currency liabilities) [illegible] bilateral [illegible] con[illegible] "over [illegible] counter", while [illegible] and [illegible] options [illegible] listed on exchanges.

[illegible] are already widely [illegible] by [illegible] and [illegible] houses; but the emergence of hedge funds – most of them unregulated – as significant players in the derivatives market worries market supervisors. The notional value of futures [illegible] traded [illegible] world exchanges [illegible] [illegible] $140,000bn [illegible] year.

One aspect of derivatives is that, for a small downpayment, the purchaser can control a larger portion of the market. For example, $10,000 could buy a [illegible] to purchase $100,000 worth of bonds later. Such leverage [illegible] potential gains [illegible] losses are magnified.

To address their concerns about these instruments, US and UK securities regulators last week agreed to share information [illegible] [illegible] trading. The [illegible] reflects [illegible] awareness that derivatives regulation is outdated – and possibly inef[illegible].

In most countries, regulators supervise [illegible] types [illegible] [illegible] – banks, [illegible] and [illegible] houses, for example. But the derivatives market spans a range of financial [illegible] and national [illegible].

Regulators have [illegible] main concerns about derivatives. The first is that poor management or a lack of understanding of these complicated financial instruments could cause companies to incur heavy losses. For example, a trading subsidiary of Metallgesellschaft, the German oil and [illegible] company, faces final [illegible] [illegible] $1bn on [illegible] in the oil [illegible] [illegible] last year. The second is [illegible] broader impact on other financial markets, particularly whether derivatives increase price swings and have a destabilising influence.

[illegible] and securities houses welcome volatility [illegible] it increases their opportunities [illegible] make money, either through trading their own capital or by charging fees to buy and sell on behalf of clients. But non-financial companies – and less sophisticated investors – do not like large price swings which could leave them facing losses. Central banks want to pull all the levers and do not like to feel that they are losing control of monetary policy.

[illegible] [illegible] [illegible] destabilise markets is, however, [illegible] from conclusive. No empirical study over the past 20 years has yet shown that [illegible] [illegible] volatility, and [illegible] have concluded they may even [illegible] it.

[illegible] recently, in December [illegible] study of the effect of derivatives on [illegible] London [illegible] market by Mr Gary [illegible] [illegible] [illegible] [illegible] of England [illegible] that "futures trading [illegible] [illegible] [illegible] with a significant reduction in volatility [illegible] around 17 per cent".

Other observers [illegible] that [illegible] tives markets may dampen volatility. During the sharp bond price falls in February market partici[illegible] [illegible] [illegible] to [illegible] bonds via [illegible] [illegible] market when [illegible] [illegible] unwilling to quote prices [illegible] the underlying bond market. Mr Fred Stambaugh, [illegible] vice-president of [illegible] Manhattan Bank, [illegible] "If [illegible] [illegible] [illegible] [illegible] markets, and [illegible] had [illegible] heavy positions on their books, you would [illegible] seen greater movement [illegible] [illegible] [conventional] physical instruments, [illegible] [illegible] lot of what hap[illegible] in [illegible] [illegible] markets [illegible] [illegible] [illegible] [illegible] risk."

But [illegible] [illegible] [illegible] [illegible] [illegible] always impress market participants. "Various [illegible] say there is a benign relationship between the two markets, but it certainly [illegible] feel like that some days," observes one UK fund manager. It is [illegible] just a [illegible] [illegible] of [illegible]. [illegible] is [illegible] case for [illegible] academic studies have asked the wrong questions, or focused on excessively [illegible] [illegible] periods, which iron out glitches. "The sort of tests that have [illegible] conducted [illegible] [illegible] determine [illegible] in abnormal [illegible] [illegible] [illegible] volatility," says one regulator. One theory [illegible] that, in periods [illegible] volatility, because mar[illegible] participants holding futures have to provide for potential losses, they may have [illegible] sell [illegible] holdings [illegible] generate [illegible] [illegible] cash needed.

A likely explanation for the divergence of views is that [illegible] produce different [illegible] [illegible] on [illegible] conditions. Moreover, their [illegible] could [illegible] [illegible] [illegible] whether they are used mainly [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] on mar[illegible]. The worrying feature [illegible] hedge funds is that – despite [illegible] name – the latter is more usually the case.

[illegible] problem [illegible] isolating [illegible] [illegible] [illegible] [illegible] is [illegible] they have become an integral part of a fast-evolving world financial system. [illegible] decade ago fund managers were concerned mainly with their own domestic [illegible] [illegible] bond [illegible] kets. But the dismantling of regulatory barriers and improvements in the infrastructure of financial markets have allowed investors to gain access to a wider range of products.

[illegible] have heightened [illegible] trend. Because transaction costs are [illegible] and [illegible] are often more actively traded than conven[illegible] [illegible] instruments, it [illegible] easier, for example, [illegible] [illegible] [illegible] the German [illegible] the Japanese stock market by using futures rather than by selling [illegible] portfolio of individual stocks.

"Derivatives [illegible] created much greater linkage [illegible] markets, and the leverage involved means that positions can turn much quicker," said Mr [illegible] Beese, a commissioner [illegible] the Securities and Exchange Commission, which regulates the [illegible] securities industry.

The trend towards global investment [illegible] itself be partly responsible for increasing volatility. When a particular market looks attractive, large amounts of capital flow in from around the world – and [illegible] again quickly when fortunes turn.

At the same time, there has been a trend [illegible] pooling money – retail investors are [illegible] [illegible] likely [illegible] buy unit trusts or mutual funds. Wealthy individuals [illegible] turn [illegible] hedge funds.

"The speculative side [illegible] the busi[illegible] [illegible] [illegible] institutionalised and the [illegible] are [illegible] driven by the interests of the new institutional speculators," [illegible] Mr Hunt Taylor, managing director [illegible] Reynwood Trading Corporation, [illegible] [illegible] Jersey-based hedge fund.

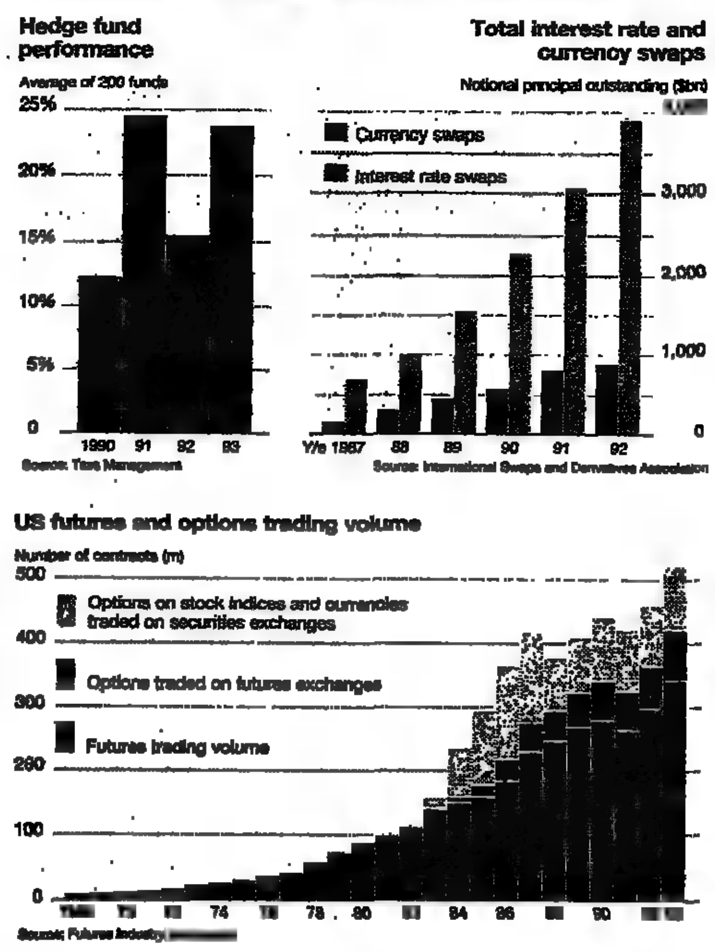
The risk regulators face is that [illegible] rapid [illegible] of [illegible] world's financial [illegible] may [illegible] [illegible] [illegible] potentially dangerous cocktail [illegible] aggressive traders, speculative investors, and highly complex financial instruments which [illegible] might not fully understand.

In the US, where [illegible] [illegible] [illegible] [illegible] taxpayers [illegible] bailing [illegible] [illegible] troubled savings [illegible] loans industry in [illegible] [illegible] [illegible] still [illegible], [illegible] [illegible] being [illegible] to [illegible] derivatives [illegible] [illegible] broader [illegible] [illegible] [illegible]. [illegible] working group on financial markets, with representatives from [illegible] [illegible] [illegible] regulatory bodies, [illegible] regularly.

[illegible] co-operation [illegible] regulators, not just in [illegible] [illegible] but [illegible] where, seems [illegible] obvious [illegible] of identifying the [illegible] [illegible] [illegible] [illegible] may [illegible] creating. That [illegible] ing lay behind last [illegible] agreement [illegible] the SEC, [illegible] Commodities and Futures Trading Commission and [illegible] UK's [illegible] [illegible] Investments Board. Such an approach [illegible] [illegible] needed in other financial markets, anyway, given [illegible] trend [illegible] internationalisation.

Beyond that, it may [illegible] necessary to accept that markets [illegible] become liable to [illegible] swings, which can have [illegible] knock-on effect across [illegible] [illegible] time-zones, and that they are [illegible] result of the liberalisation of financial [illegible] heralded since [illegible] start of the 1980s.

Derivatives: bigger slice of the action



Russia finds independent foreign policy

PERSONAL VIEW

The electoral success [illegible] Vladimir Zhirinovsky's Liberal Democratic Party has – naturally – made [illegible] future [illegible] [illegible] Russian foreign policy an important international issue.

The emergence of a movement like Zhirinovsky's was predictable. It was a normal reaction from those [illegible] [illegible] are suffering economically, who have witnessed the disintegration of the Soviet Union, which they thought would be their homeland for centuries, and who are now [illegible] with no vision of where their country is going.

If, however, a [illegible] [illegible] [illegible] learnt – and it looks as if President Boris Yeltsin is learning it – it is that Zhirinovsky is a dark cloud on the horizon but [illegible] the [illegible] itself. There is still [illegible] long way to go [illegible] we glimpse light. [illegible] the road to normalcy is the one Russia is on.

Being normal naturally [illegible] having [illegible] [illegible] foreign policy. This [illegible] now emerging; and it is emerging in direct reaction to the recent past, the period immediately after the failed coup of 1991 and the emergence of Russia as an independent state. During that period, Russia was too inclined to say "yes" to our new friends in the West – even before being asked to. [illegible] suffered a temporary loss of our vision and of our ability both to understand, and act in, our own interests. This created a backlash.

Under foreign minister Andrei Kozyrev, an [illegible] listener, Russian foreign policy has since made big adjustments [illegible] [illegible] changing its basic course towards strategic rapprochement with the west. It is now better formulated and less one-sided. It has achieved a signifi[illegible] success in persuading the Serbs to pull back from Sarajevo. It is focusing much more than before on the Commonwealth of Indepen[illegible] States and on former partners in Europe. And it is active in Asia, [illegible].

Russia has learned to express its differences with others as well as to [illegible] [illegible] [illegible]. [illegible] [illegible] centred on former Yugoslavia and on the continuing inaccessibility of Western markets to our goods; in particular, Russia's ruling [illegible] and the increasingly influential military oppose plans to enlarge Nato by admitting east-central European states (but not Russia), believing this threatens [illegible] with geopolitical isolation.

At the heart [illegible] [illegible] problems [illegible] tensions between Russia and the [illegible] is, and will remain, the relations [illegible] [illegible] [illegible] with the former Soviet republics.

In autumn [illegible] [illegible] [illegible] took

Russia has learned to [illegible] its differences with others as well [illegible] to chorus [illegible]

[illegible] which [illegible] [illegible] CIS countries out [illegible] the [illegible] zone. The decisions were prompted by exasperation [illegible] the lack [illegible] reform in [illegible] states, especially Ukraine, [illegible] by [illegible] unwillingness [illegible] inability still [illegible] subsidise them.

In any reintegration [illegible] former [illegible] [illegible], [illegible] will play a different [illegible] from that in the old [illegible] Union (which was a strange [illegible] [illegible] political metropolis and economic colonies) [illegible] in [illegible] first [illegible] years [illegible] [illegible] CIS's existence. During the latter, Russia [illegible] [illegible] [illegible] how to proceed; it knew it could no longer be donor and [illegible] but it did not [illegible] whether [illegible] [illegible] separation [illegible] try [illegible] new form [illegible] re-integration.

Now, [illegible] [illegible] there is a growing consensus. [illegible] [illegible] regimes in Moscow (except [illegible] a national [illegible] [illegible] which would try [illegible] [illegible] political reintegration) would probably attempt a modality [illegible] which [illegible] [illegible] would remain independent politically but [illegible] [illegible] nated economically. No sane politician in [illegible] would choose to [illegible] responsibility for managing both [illegible] surrounding [illegible] [illegible] and their turbulent societies – [illegible] that would [illegible] taking responsibilities [illegible] the [illegible] [illegible] local leaderships and [illegible] them [illegible] [illegible] Russia for all their ills. Russia also cannot afford [illegible] separation, nor a policy of benign negligence.

In this model, [illegible] would play [illegible] [illegible] [illegible] [illegible] among equals in [illegible] relations in the CIS – rather like the US in Nato, or Germany in the European Union – but [illegible] big [illegible] protecting [illegible] [illegible] [illegible] his [illegible] kin (though ele[illegible] [illegible] [illegible] [illegible] will remain).

[illegible] will [illegible] [illegible] [illegible] [illegible] [illegible] be a local peace keeper or peace enforcer. To [illegible] this effectively and [illegible] becoming a militaristic state, Russia [illegible] [illegible] conditions fulfilled. First, her role as peace keeper [illegible] be legitimate; and second, it should be part [illegible] an international [illegible] – under [illegible] [illegible] [illegible] international organisations and constrained by international law. [illegible] would [illegible] [illegible] from unlimited use [illegible] military power [illegible] ultimately dangerous uni[illegible].

[illegible] is now beginning [illegible] [illegible] – but neither as [illegible] former Communist *enfant* [illegible] [illegible] [illegible] [illegible] terribly nice [illegible] [illegible] [illegible] [illegible] Gorbachev/early Yeltsin period. Is the [illegible] ready to part with this nice guy, this Mr [illegible] – and work with an independent partner and prospec[illegible] ally? I [illegible] the [illegible] will be in [illegible] affirmative – though, of [illegible], I well understand how nice [illegible] [illegible] [illegible] talk with Mr Yes.

Sergei Karaganov

[illegible] [illegible] [illegible] [illegible] [illegible] of [illegible] European [illegible] of the [illegible] Academy of [illegible] [illegible] a foreign [illegible] [illegible] to [illegible] [illegible].

OBSERVER

Going for a song

■ *If* ICI's first joint venture in mainland China – [illegible] £15m paint factory – is not a success, blame the astrologers and not ICI chairman Sir Denys Henderson.

Its opening was dictated by a soothsayer who figured March 18 was the day which would provide the proud owners with the maximum amount of good fortune. As an extra precaution, ICI laid on 60 lion dancers to frighten away any lingering evil spirits.

However, the highlight of the opening ceremony was the premiere of the ICI song, specially composed by Chen Shuliu of the Guangzhou conservatory, with vocals by Miss Zhu, a police lady, backed by the brass band of the local People's Liberation Army unit. Sir Denys was particularly moved by [illegible] bit in the song which compared ICI to China's three great river systems - the Yellow river, Yangtze river and the Pearl river.

Mind numbering

■ Clearly lucky numbers are big business in that part of the world. A licence plate bearing the number 9 was bought by businessman Yeung Sau-shing for a record HK$13m (US$1.6m) at a Hong Kong government auction on Saturday. Certain licence plates are hot properties because some digits, when spoken in Cantonese, sound like desirable words. "Nine" sounds like the word for "dog" and is considered lucky because 1994 is the year of the dog in the Chinese lunar calendar.

Research bonus

■ Much mayhem in Australian stockbroking circles – or, [illegible] precisely, the upper echelons [illegible] [illegible] Minnett, [illegible] [illegible] [illegible] country's largest broking firms which recently bought itself out from Westpac with the help [illegible] Jardine Fleming.

Neville Miles, Kerry Packer's old chum who organised last year's MBO, has been deposed as joint managing director after losing the support [illegible] his troops. [illegible] came to a [illegible] when half [illegible] dozen top analysts and the head of the London office threatened to move to James Capel, [illegible] is desperate to be a big player in Australia.

It is the second top management upheaval at Ord Minnett in less than a year and the swift response to the threatened defections may have been prompted by memories of what happened when S [illegible] Warburg took control [illegible] [illegible] Partners. The nucleus [illegible] [illegible] [illegible] team defected [illegible] County [illegible] Australian operation and quickly turned it into number one in its field.

'I had no idea there was an Oscar for hype'

Peer pressure

■ Say what you will about Sir John Banham, [illegible] former director general of the CBI, [illegible] keeps rattling the establishment cage. His criticisms of the way Britain is run in his new book, *Anatomy of Change*, will [illegible] [illegible] him [illegible] Whitehall mandarins, and [illegible] [illegible] not made his chairmanship [illegible] the Local [illegible] [illegible] [illegible] [illegible] by highlighting the Government's own inability [illegible] [illegible] up [illegible] mind.

[illegible] that Sir John has just [illegible] [illegible] chairmanship of Tarmac [illegible] his growing portfolio [illegible] directorships, he could [illegible] forgiven for wanting [illegible] lighten his load [illegible] public [illegible] in [illegible] to concentrate on [illegible] [illegible] career.

However, Sir John's job [illegible] reviewing local government [illegible] only halfway through and [illegible] [illegible] he has every intention [illegible] staying on until the [illegible] [illegible] finished in about a year's time.

That sort [illegible] [illegible] [illegible] public duty is surely worth a peerage. Will [illegible] be Lord Banham of Avon, covering Gloucestershire, [illegible] and Bristol, [illegible] Lord Banham of Centrepoint?

Full circle

■ Meanwhile, Lord Walker [illegible] Worcester, Britain's first Environment minister, must feel a sense of déjà vu at his party's [illegible] U-turn [illegible] out-of-town shopping [illegible].

[illegible] in 1971 [illegible] Walker, as he then was, attended a conference [illegible] [illegible] [illegible] in Indianapolis [illegible] he learned first hand about [illegible] [illegible] problems [illegible] by US shopping malls in terms [illegible] unnecessary congestion and inner city decay. On his return to Britain he [illegible] [illegible] circular to local authorities urging them [illegible] resist the [illegible] [illegible] hypermarkets.

If John Gummer, the environment secretary, wants [illegible] give local authorities further guidance on [illegible] perils of out-of-town shopping he could do a [illegible] worse than re-issue his predecessor's advice.

Probably only needs a change [illegible] [illegible].

Socks pulled up

■ [illegible] [illegible] the Los Angeles [illegible] flagellated itself [illegible] publishing a "staged" picture of a [illegible] firefighter cooling himself by [illegible] swimming pool, the earnest US press has struggled to [illegible] [illegible] photographic [illegible].

Hence, an [illegible] picture [illegible] Socks, [illegible] US presidential cat, commanding the podium in [illegible] White House briefing room has had to be accompanied by [illegible] [illegible] [illegible] [illegible] explaining [illegible] the person taking Socks [illegible] a walk "was unprompted to place cat on podium".

Don't tell me it was [illegible] idea.

FINANCIAL TIMES
Monday March 21 1994

Main parties lose out in German local elections

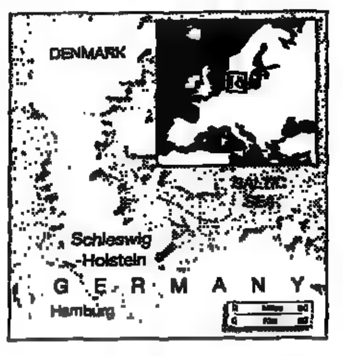
By Quentin Peel in Bonn

[redacted] Germany's main political parties, Chancellor Helmut Kohl's Christian Democrats, and [redacted] opposition [redacted] Democrats, suffered [redacted] significant [redacted] support in local elections yesterday in the northern state of [redacted] wig-Holstein.

In contrast [redacted] parliament in [redacted] however, extreme right-wing par[redacted] capitalise [redacted] their unpopularity, and [redacted] main bene[redacted] were [redacted] environmentalist Green party [redacted]

First trend [redacted] of [redacted] results in Schleswig-Holstein, where [redacted] Social Democratic Party (SPD) controls [redacted] government, showed [redacted] per cent support for SPD candidates, [redacted] 37.6 per [redacted] for the rival Christian Democratic Union (CDU). That [redacted] to a 4.2 percentage point drop in support [redacted] compared with [redacted] local council [redacted] in [redacted] and [redacted] 3.7 percentage point drop [redacted] CDU.

The Greens [redacted] improve on their [redacted] around [redacted] per cent, while the



Free Democratic party (FDP), the coalition partner of [redacted] in Bonn, slipped from 6.1 per [redacted] 1990 to under 6 per cent yesterday.

[redacted] Schleswig-Holstein elections are the second poll out of 19 [redacted] in Germany this year, culminating in the general [redacted]

Although local [redacted] ally see [redacted] lower turnout for the big political parties, these polls confirm [redacted] trend [redacted] not just with the ruling CDU [redacted] FDP, but [redacted] with [redacted] opposition SPD.

On [redacted] other hand, [redacted] failure [redacted] the far right-wing [redacted] Volksunion (DVU) [redacted] match the 6 [redacted] that the [redacted] in support [redacted] right-wing extremists [redacted] Last week, the Republicans, another far-right group, won only 3.9 per cent in neighbouring [redacted] Saxony.

The likely outcome [redacted] another good [redacted] for the Greens, who look increasingly certain [redacted] win their [redacted] back into [redacted] national parliament in October.

It [redacted] a disappointing result [redacted] the Social [redacted] although [redacted] setback [redacted] expected. [redacted] ruling party in Schleswig-Holstein has been hit by the resigna[redacted] year [redacted] leader, [redacted] Björn Engholm, [redacted] continuing investigations into [redacted] circum[redacted] in which [redacted] CDU in [redacted] Although [redacted] party [redacted] only [redacted] 4.2 percent[redacted] point drop in support compared [redacted] local [redacted] there, it was 7.5 points down on [redacted] result.

The CDU [redacted] disappointed, [redacted] it had hoped [redacted] push [redacted] Democrats into second place.

Dublin willing to 'build on' temporary Ulster ceasefire

By Tim Coone in Dublin

The Irish government sought [redacted] breathe [redacted] Northern Ireland peace process yesterday by indicating [redacted] temporary [redacted] by the IRA would be welcomed in Dublin.

Speaking [redacted] Irish radio, Mr [redacted] Spring, the foreign minister, said [redacted] temporary [redacted] would be "a step in the right direction".

The [redacted] government's deci[redacted] to encourage a temporary [redacted] with the [redacted] vious approach in both [redacted] concentrating on the prospects for a permanent [redacted]

Mr Spring said the Irish government [redacted] "encourage" the IRA to move to a [redacted] violence, and "would [redacted] build upon" [redacted] temporary ceasefire.

Mr Spring's [redacted] followed [redacted] reports of [redacted] interview given to [redacted] Century, a left-wing British magazine, [redacted] which [redacted] appeared [redacted] suggest that a temporary ceasefire could help [redacted] break [redacted] in [redacted] peace process.

In [redacted] intended [redacted] opinion, Mr Spring said Dublin's [redacted] timing of talks with [redacted] republican movement remained "very firm".

"I [redacted] repeat [redacted] we will not [redacted] with the [redacted] Féin as long as they support vio[redacted] If [redacted] want to [redacted] the political [redacted] has to be [redacted] permanent [redacted] of vio[redacted] and [redacted] to [redacted]" he [redacted]

That [redacted] fits in with the [redacted] approach by the British [redacted] publica[redacted] the British-Irish Downing [redacted] on Northern [redacted] in [redacted]

[redacted] Dublin's [redacted] willing[redacted] to welcome a temporary ceasefire appeared to take [redacted] British government by surprise.

The Northern Ireland Office was unwilling [redacted] Mr Spring's views. [redacted] only that Sinn [redacted] could [redacted] exploratory [redacted] with the British government [redacted] three months [redacted] permanent cessation [redacted] violence.

In [redacted] Century interview, parts [redacted] were published yesterday in Britain's Observer newspaper, Mr Spring appeared to [redacted] temporary [redacted] be built upon "[redacted] making [redacted]" to Sinn Féin [redacted] the IRA.

In the interview, [redacted] ago, Mr Spring [redacted] the republican movement's strategy appeared to be to offer [redacted] rary [redacted] "in [redacted] sit [redacted] round [redacted] with [redacted] parties". He said [redacted] "pose [redacted] bit of a dilemma".

The apparent [redacted] in Dublin's position would seem to [redacted] in a [redacted] distinction being drawn by Dublin between "talks" [redacted] "negotiations".

An Irish government spokesman was unable [redacted] confirm [redacted] deny [redacted] talks, [redacted] directly or indirectly with Sinn Féin – as distinct from negotiations – could [redacted] place [redacted] temporary [redacted]

Italy to speed up telecoms sell-off

Continued from Page 1

nary and savings. 2.4 [redacted] will be [redacted]

There will [redacted] ordinary shares for each ordinary share [redacted] Telespazio, [redacted] operator, and [redacted] Sip ordinary shares for [redacted] ordinary share in SIRM, the maritime [redacted] operator. A total of [redacted] Sip ordinary [redacted] will [redacted] exchanged [redacted] in Iritel, which [redacted] involved in [redacted] long-distance network and international traffic.

[redacted] merger Telecom Italia will have a [redacted] capital of L7,277bn. Stet will see its stake in the five fall slightly to 55 per cent while Iri, the [redacted] umbrella company which controls Stet, will hold nearly 3 per cent. [redacted] will [redacted] in the market.

[redacted] of [redacted] five [redacted] expected [redacted] merger in May. Financial results revealed [redacted] showed [redacted] Sip increased sales by 8.6 [redacted] cent [redacted] L23,404bn, with net profits up [redacted] per [redacted] L657bn and [redacted] on ordinary [redacted] by [redacted] per [redacted] to [redacted] performer was cellular phones, with [redacted] number [redacted] rising by [redacted] 1.2m.

Risk grows of Tory split over extension of EU

By Kevin Brown, Political Correspondent, in London

The prospects [redacted] a [redacted] split in Britain's Conservative party over enlargement of the European Union increased yesterday as opinion hardened on [redacted] the English Channel ahead of a crucial meeting tomorrow in [redacted]

Senior ministers insisted that [redacted] entry [redacted] for Sweden, Finland, Norway and Austria would be [redacted] by the Union's foreign [redacted] council.

But leading members [redacted] the council, [redacted] Commission [redacted] European parliament [redacted] Britain would [redacted] to accept [redacted] in [redacted] Union's [redacted] qualified majority voting.

Backbench [redacted] MPs, including some not normally [redacted] anti-European, [redacted] any [redacted] by [redacted] government [redacted] precipitate [redacted] in the parliamentary Conservative party.

[redacted] Portillo, chief secretary to the Treasury, [redacted] was [redacted] Mr Douglas Hurd, foreign secretary, would [redacted] a compromise allowing enlargement [redacted] go ahead.

"Britain's vital national inter[redacted] be protected at [redacted] point. I am pretty clear that can [redacted] made compatible [redacted] But I think [redacted] that [redacted] whole thing is going [redacted] sink on British obduracy [redacted] really an invention," [redacted]

Mr Portillo also claimed that the government's reluctance [redacted] allow changes in the voting sys[redacted] would help the [redacted] tives in the European parliament elections on June 9.

[redacted] said: "I [redacted] think British [redacted] want to be [redacted] by a [redacted] They want to know there are certain rights [redacted] in [redacted] EU."

However, Mr Niels Helveg Petersen, the Danish foreign minister, said there could be no compromise based on Britain's wish to retain the existing voting system, under which 23 [redacted] form [redacted] blocking mechanism in the Council [redacted] Ministers.

Mr Helveg [redacted] said most member [redacted] probably accept Greek proposals [redacted] move to [redacted] blocking mechanism [redacted] 27 votes out of 90 in [redacted] enlarged council, combined with [redacted] one-month cooling-off period to [redacted] reflection.

Mr Leo Tindemans, leader of the European People's party, the transnational grouping to which the British [redacted] are affiliated, said no compromise would be acceptable unless [redacted] involved a move [redacted]

Mr Hans van [redacted] Broek, com[redacted] for foreign affairs, said [redacted] "amazement" among Britain's EU partners that the government was prepared [redacted] delaying enlargement.

THE LEX COLUMN

The currency factor

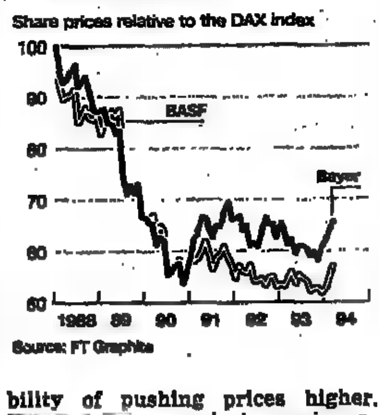
The Bank of England seems concerned that companies may have used devalu[redacted] margins rather than [redacted] sales, and recent trade figures give some support to that idea. Such windfall profits gains might also be expected to have an impact on earnings. The art is knowing in which [redacted] it [redacted] been strongly felt when in [redacted] the currency [redacted] seems [redacted] Brokers' [redacted] the non-financial part of the FT-SE-A All-Share [redacted] show that [redacted] gains account for about 3.5 per cent of total earnings and around 10 per cent of [redacted] over [redacted]

Hedging of currency risk may mute the impact, but even in 1994 currency gains [redacted] likely [redacted] be [redacted] ing. The utilities and stores sectors are almost entirely sterling-based. Some sectors, notably pharmaceuticals, are, by contrast, strongly affected. Still, overall for [redacted] falling interest costs have had almost twice the impact on earnings, and are likely to be an even more important factor this year.

Currency and interest bills will moderately flatter the earnings recovery, but the bulk [redacted] the 18-20 per cent rises estimated for 1993 will come from productivity gains as slack is taken up. While the economy will expand faster this year, earnings rises are likely to remain around 20 per cent, and will be more dependent [redacted] volume [redacted] With such a marked variation in currency and interest effects, it would be worth taking [redacted] close look at companies' 1993 report and accounts as they plop through the letter box over [redacted] next few weeks.

German chemicals

Share prices relative to the DAX index



Source: FT Graphite

Media

The media sector has been wafted higher on [redacted] breeze [redacted] good news over the past year, outperforming the market by 26 per cent. The promise of an upturn in advertising spend, the high operational gearing of many compa[redacted] and racy [redacted] lines about the wonders of [redacted] have fuelled demand for media stocks. But the rise has been somewhat indis[redacted] It now appears there are some worrying cross-currents in the wind for printed as opposed to electronic media stocks.

[redacted] media groups [redacted] reported, such as Reed Elsevier and [redacted] Group N[redacted] have seen little or no top line sales growth. Big paper producers, such as Arjo Wiggins Appleton, MoDo, and SCA have also been talking excitedly about the possibility of pushing prices higher. [redacted] paper is increasing as Europe's [redacted] their [redacted] out of recession. The pick-up in UK advertising [redacted] already [redacted] lated [redacted] the paper cycle [redacted] turned. Utilisation rates in many paper mills seem set to climb [redacted] 90 [redacted]

[redacted] for magazines have already experienced strong price rises [redacted] year. Newsprint prices, too, appear to be pushing upwards – or, [redacted] least, [redacted] are being reduced. Many publishers have locked into fixed price [redacted] newsprint for months ahead. But [redacted] companies which [redacted] more reliant on circulation than advertising [redacted] could yet experience a nasty margin [redacted] It [redacted] to pick [redacted] more selectively.

German chemicals

[redacted] the [redacted] chemicals companies – Bayer, BASF and [redacted] – [redacted] an unexpected [redacted] optimism. Dividend cuts aside, [redacted] figures [redacted] marginally [redacted] than expected. More importantly, all agree that chemicals mar[redacted] some time in the [redacted] quarter, since [redacted] improving [redacted] tions in the US have offset only gentle [redacted] in Europe. If that improvement [redacted] sustained, [redacted] judged [redacted] neatly: [redacted] shares of each have outperformed the German market by up to 10 per cent from [redacted] low-point in [redacted]

[redacted] are still reasons [redacted] While [redacted] outlook in industrial [redacted] cals is improving, agrochemicals and pharmaceuticals [redacted] act as [redacted] drag. [redacted] suggests that benefits flowing from a turn in the [redacted] cycle will not [redacted] spread evenly. Bayer and Hoechst outpaced [redacted] German [redacted] market from mid-1983 to mid-1984, [redacted] year after European economies turned. BASF's higher exposure [redacted] petrochemicals delayed similar outperformance until [redacted] the scale [redacted] overcapacity in plastics markets, that pattern could [redacted] repeated.

While costs [redacted] being cut and markets are no longer deteriorating, though, earnings growth [redacted] assured. The steady [redacted] of restructuring announcements – such [redacted] Hoechst's plan [redacted] spin-off [redacted] fibres business – points [redacted] an encouraging emphasis [redacted] self-help. If the companies [redacted] avoid the temptation [redacted] retrench [redacted] European economies improve, the combination [redacted] recovery and attractive yields will [redacted] resist.

UK mortgages

Signs of [redacted] UK housing market prompts [redacted] question [redacted] will win [redacted] extra [redacted] The banks' [redacted] net new lending has grown to the point where last year it equalled [redacted] of building societies for the first [redacted] Despite [redacted] jump of [redacted] than £1bn [redacted] new [redacted] mitments by building [redacted] in [redacted] ruary, the market still looks tilted in favour of [redacted] banks. [redacted] only [redacted] building [redacted] by lim[redacted] on wholesale funding. Their [redacted] signs [redacted] the amount [redacted] they [redacted] Taken [redacted] far, it could lead to [redacted] in their overall margin without any [redacted] pensating fall in risk.

The [redacted] could [redacted] distorted by [redacted] Abbey [redacted] likely [redacted] give up some [redacted] year's abnormally high 18 per cent share of the new mortgage market. [redacted] it looks [redacted] though [redacted] will again have [redacted] high share of what for them has turned out to [redacted] particularly lucrative [redacted] of operating profit. Less certain is [redacted] higher [redacted] will [redacted] cient to [redacted] the juicy interest spreads [redacted] 2.5 [redacted] banks [redacted] been [redacted] on [redacted] rate [redacted] Such [redacted] are already [redacted] foreign banks [redacted] centralised [redacted] who fund entirely [redacted] the [redacted] If the government's present [redacted] leads to building [redacted] more [redacted] money, [redacted] win back some [redacted] market share [redacted] have [redacted]

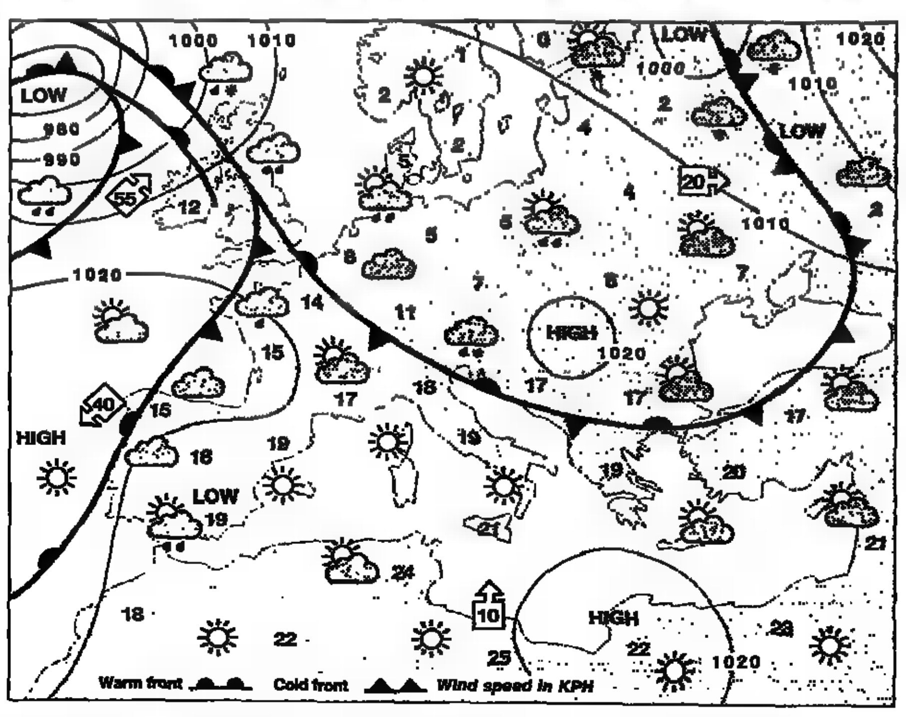
FT WEATHER GUIDE

Europe today

[redacted] will be cool with [redacted] patches of snow as an area of low pressure moves across Finland and on to the east. From the west, [redacted] ridge of high pressure will keep showers at bay in south-west Europe. Rain clouds will [redacted] and northern Ireland, [redacted] areas will be dry at times in the afternoon. South-westerly [redacted] will [redacted] to near gale or gale force. In Germany and the Benelux countries, cloudy skies and local [redacted] will [redacted] interspersed with sunny spells. Sunny and spring-like [redacted] will dominate southern Europe. However, along the north-west coast of Spain, it will [redacted] cloudy [redacted] breezy. Rain [redacted] will remain stationary along the north [redacted] of [redacted] Alpine [redacted] with snow expected [redacted] 1200-1500 [redacted]

Five-day forecast

Northern and [redacted] Europe will stay [redacted] with a [redacted] westerly current still active. During the week, milder air will [redacted] north [redacted] produce higher [redacted] temperatures in [redacted] Europe. [redacted] Europe will remain sunny, [redacted] from Wednesday, some [redacted] will develop over [redacted]



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	30
Accra	cloudy	33
Algiers	fair	21
Amsterdam	fair	8
Athens	sun	20
B. Aires	fair	23
B.ham	cloudy	11
Bangkok	cloudy	35
Barcelona	sun	17
Beijing	fair	9
Belfast	drzzl	11
Belgrade	fair	15
Berlin	shower	6
Bermuda	shower	22
Bogota	cloudy	20
Bombay	hazy	34
Brussels	cloudy	9
Budapest	fair	12
C.hagen	fair	4
Cairo	sun	[redacted]
Cape Town	fair	[redacted]
Caracas	fair	[redacted]
Cardiff	cloudy	12
Chicago	fair	10
Cologne	cloudy	8
D' Salaam	fair	30
Dakar	fair	27
Dallas	fair	23
Delhi	fair	35
Dubai	sun	28
Dublin	cloudy	12
Dubrovnik	fair	17
Edinburgh	drzzl	9
Faro	cloudy	18
Frankfurt	drzzl	9
Geneva	cloudy	13
Gibraltar	sun	19
Glasgow	rain	8
Hamburg	shower	7
Helsinki	snow	-1
Hong Kong	cloudy	24
Honolulu	shower	27
Istanbul	cloudy	14
Jersey	drzzl	10
Karachi	sun	34
Kuwait	fair	28
L. Angeles	sun	19
Las Palmas	fair	21
Lima	fair	27
Lisbon	cloudy	18
London	drzzl	12
Lux.bourg	drzzl	8
Lyon	fair	15
Madeira	cloudy	19
Madrid	fair	19
Majorca	sun	20
Malta	sun	22
Manchester	cloudy	10
Manila	hazy	34
Melbourne	sun	29
Mexico City	sun	25
Miami	fair	30
Milan	sun	17
Montreal	cloudy	4
Moscow	cloudy	2
Munich	rain	10
Nairobi	fair	26
Naples	sun	19
Nassau	fair	30
New York	cloudy	12
Nice	sun	17
Nicosia	fair	20
Oslo	fair	2
Paris	cloudy	14
Perth	fair	33
Prague	cloudy	7
Rangoon	hazy	35
Reykjavik	sleet	3
Rio	thund	32
Riyadh	sun	30
Rome	fair	17
S. Frsco	fair	15
Seoul	cloudy	12
Singapore	thund	31
Stockholm	fair	2
Strasbourg	rain	13
Sydney	cloudy	23
Tangier	cloudy	17
Tel Aviv	fair	21
Tokyo	fair	9
Toronto	rain	7
Tunis	sun	24
Vancouver	shower	9
Venice	fair	15
Vienna	drzzl	12
Warsaw	shower	4
Washington	shower	16
Wellington	fair	18
Winnipeg	cloudy	3
Zurich	drzzl	12

FINANCIAL TIMES
COMPANIES & MARKETS

Monday March 21 1994

Banks join to bid for privatisation work in Britain

By Alison Smith in London

An alliance between Kleinwort Benson, the UK merchant bank, and BZW, the investment banking arm of Barclays Bank, in bidding [illegible] the UK government's [illegible] on the next [illegible] of electricity privatisation, could mark the start of a trend in joining forces to win [illegible] work.

BZW [illegible] yesterday that it had teamed up with Kleinwort to bid for the [illegible] of selling the UK government's remaining 40 per cent stakes in National Power and PowerGen, the two UK electricity generators. The sale is expected to raise more than [illegible] ($5.84bn). Both banks will be involved in giving advice and in placing the shares.

Kleinwort [illegible] advised on the original privatisation, while BZW was [illegible] financial adviser to the government over the sale of the [illegible] electricity companies, and advised Northern Ireland Electricity over its privatisation.

Written presentations have already been submitted, and the competing banks will present in [illegible] to the UK Treasury today. Warburgs, which advises PowerGen, is not [illegible] ing the task, and other merchant banks would [illegible] conflicts of [illegible] in applying: Schroders, for example, [illegible].

"The government [illegible] with quite a [illegible] in finding in one house the [illegible] of advisory and distribution skills they're looking for," one [illegible] yesterday. "It wouldn't be surprising if a number of [illegible] were being forged."

Another banker pointed out that it was more commonplace [illegible] for [illegible] to join forces. "We [illegible] the start of a trend that has come across the other side of the Atlantic," he [illegible].

Last year, for example, First Boston [illegible] up with Merrill Lynch to win the mandate to act as global co-ordinators in privatising YPF, Argentina's national oil company.

The timescale for the sale of the government's residual stake in the generators remains uncertain, although the UK Treasury is keen to get the proceeds in the [illegible] financial year.

Rancour grows on William Hill deal

By Maggie Urry in London

The temperature is rising in the dispute between the two UK companies Brent Walker and Grand Metropolitan over the £685m [illegible] acquisition of the William Hill and Mecca [illegible] UK betting business.

Last week GrandMet started court proceedings to seek "rectification" of the sale [illegible] claiming Brent Walker had changed its interpretation of one aspect of the deal.

Brent Walker appears incensed by GrandMet's [illegible] which it sees an an attempt to rewrite the agreement, and will today issue a [illegible].

The two parties have been in dispute over the deal since autumn 1990, and in July 1992 agreed to go to arbitration.

The property and leisure group's statement today will argue that rectification "is not concerned with the interpretation of agreements, but with the correction of alleged errors in the drafting of an agreement". Brent Walker and William Hill will say they will resist the [illegible] because they do not accept there were errors in the agreement.

The agreement was signed in September and the deal completed in December 1989. GrandMet promised the business would achieve profits of £55m in the year to end September [illegible]. Brent Walker could reclaim part of the purchase price if profits fell below [illegible]. In that case it could reclaim 12.82 times the difference between the profits made and £55m. By September 1990 Brent Walker was claiming a £160m refund of the purchase price and refused to pay the final [illegible] then due. The courts ruled [illegible] Brent Walker had to pay the £50m.

Rescue near for Crédit Lyonnais

By David Buchan in Paris

The French government is this week [illegible] to unveil its [illegible] package for Crédit Lyonnais, the state-owned bank which is set to announce on Thursday a hefty [illegible] for [illegible].

The [illegible] is ready to inject around FFr4bn [illegible] of fresh capital into the bank, according to [illegible] press reports. It could also take *much of the bank's non-performing property* [illegible] put them into a new [illegible].

Crédit Lyonnais has [illegible] to [illegible] on a report in the [illegible] Economiste weekly that last year's [illegible] would total FFr4.5bn, despite a sharp reduction in provisions against bad loans because some FFr40bn of [illegible] would be [illegible] into a shell company. *This new* [illegible] be financed by a Crédit Lyonnais loan, but this would be guaranteed by the [illegible] which [illegible] on the loans.

In its [illegible] annual report Crédit Lyonnais [illegible] sure on direct property lending amounted to FFr24bn. Of this "a fraction seems compromised" and [illegible] it only made a provision of FFr6bn. The [illegible] *Economiste article* claims that the bank was grossly under-provisioned and had told the finance ministry that – in the absence of a [illegible] – FFr22.5bn of provi[illegible] would be required in its [illegible]. Of this, FFr13bn would be [illegible] property loans, with the rest for industrial loans and shareholdings.

If the [illegible] is willing to take over responsibility for FFr40bn of Crédit Lyonnais' bad [illegible], "this would be good news for the bank, though perhaps bad for the taxpayer", according to Mr Stephen Arrouays, a banking analyst with the [illegible] brokerage [illegible]. "Clearly, there has been a lack of control by [illegible] Lyonnais' *state* [illegible] for which the [illegible] would be making amends," he said.

Some private French banks, as well as the European Commission, [illegible] question the [illegible] for Crédit Lyonnais, and insist the bank should make some matching sacrifice. Mr Jean Peyrelevade, the new head of Crédit Lyonnais, has signalled his willingness to do this by announcing that the bank will sell some FFr20bn of [illegible] over the next [illegible]. It has already [illegible] its [illegible] in Essilor, a maker of spectacle lens, to St Gobain, the glass group, and its [illegible] in TF1 to the [illegible] station's [illegible] shareholder, Bouygues.

Euro Disney, the troubled leisure group that last week agreed terms with its banks for a FFr13bn ($2.17bn) rescue package, has suffered a sharp fall in attendance over the past year, according to Mr Philippe Bourguignon, chairman, writes Alice Rawsthorn in Paris. One cause of the decline was a steep reduction in the number of British visitors. The UK was one of EuroDisneyland's largest markets in the park's first year, but the pound's weakness against the French franc triggered a fall in British bookings. Details, Page 17

Deborah Hargreaves explains a change in the market for coffee, sugar and cocoa

Soft commodities, hard prices

Five years ago coffee and [illegible] farmers world-wide were leaving crops to rot in the fields after a spectacular collapse in commodity prices. Today, the picture is different as prices for "soft" commodities such as coffee, sugar and cocoa are surging, encouraging financial investors to turn their attention to these previously unsophisticated markets.

Prices have been buoyed by crop difficulties, rising consumption and declining world stocks for coffee and cocoa. The end to the recession in many [illegible] is expected to fuel demand.

Rising [illegible] and an upturn in [illegible] interest in the soft commodity markets has resulted in financial investors returning to commodities after an absence of several years.

"New capital is increasingly focused on commodities and this is reflected by growing exchange membership among international finance houses and banks," says Mr Robin Woodhead, chief executive of the London Commodity Exchange. Poor returns [illegible] ted on world [illegible] markets have also encouraged institutional investors to put cash into commodities. Even the metals markets, where world stocks remain high, are benefiting from renewed interest in [illegible].

But it is not just speculation that is fuelling this year's rise in the soft commodity markets. Coffee, cocoa and sugar crops are all expected to be lower than forecasts for world consumption – leading to a deficit, to be made up from stockpiles.

Cocoa prices reached a five year high at the end of last year with prices breaching [illegible] a tonne on the London Commodity Exchange after forecasts of a growing shortfall in production. Prices remain firmly above 2950 a tonne and production is expected to be between [illegible] and 170,000 tonnes lower than consumption.

The International Sugar Organisation last week revised its deficit forecast to 2.4m tonnes this year – just over [illegible] per cent of world consumption – from [illegible] tonnes in December.

Prices have risen by almost [illegible] per cent for both raw and white sugar with the [illegible] futures contract at New York's Coffee, Sugar and Cocoa Exchange reaching more than 12 cents per lb last week.

Similarly, coffee prices hit their highest level for 19 months last week when the LCE's [illegible] position futures contract touched $1,341 a tonne. Coffee prices have also received a boost from the [illegible] of a producers' retention scheme.

Last October, [illegible] coffee-producing countries put together a plan to withhold up to 20 per cent of supplies from the export market until prices increased. This followed a dramatic collapse in the coffee market when prices fell to their lowest level since 1974.

The retention scheme has [illegible] in adding to investors' [illegible] a squeeze on stocks.

Goldman Sachs, the US investment bank, works out production [illegible] commodities [illegible] month. This shows a price below which it is not economic [illegible] production. By this measure, commodity prices overall are 7 per cent undervalued when compared with the [illegible] production.

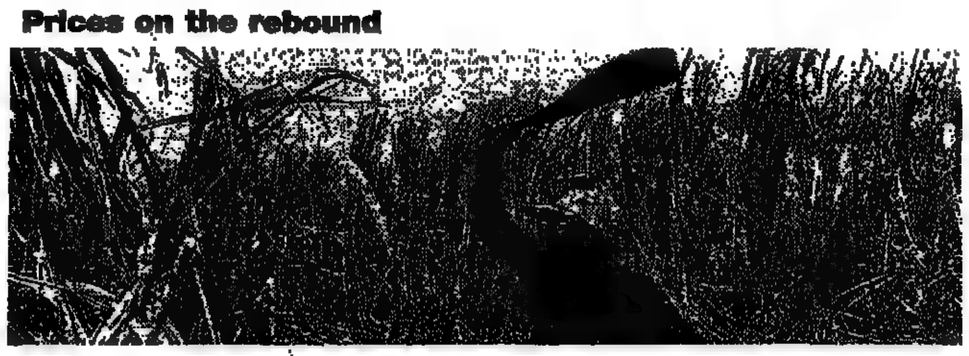
[illegible] prices are 5 per cent below the costs of production and sugar prices [illegible] lower. However, Goldman reckons [illegible] prices are [illegible] per cent higher than production [illegible] as the producers' retention scheme has begun to bite.

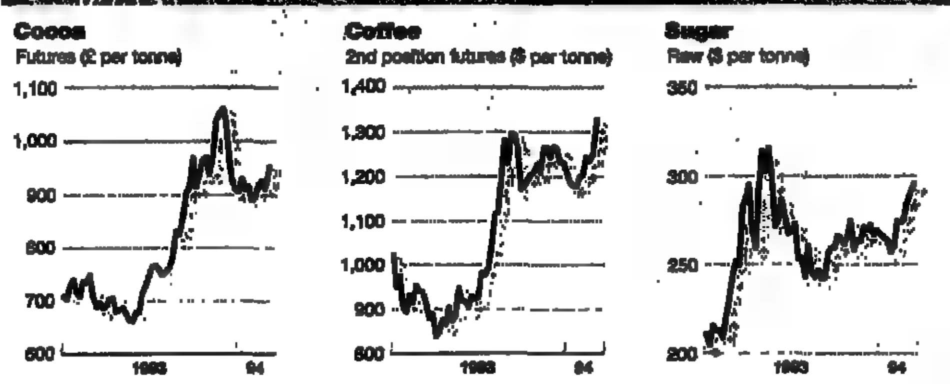
Goldman points out that the low valuation of [illegible] commodities makes them a good investment opportunity.

But not everyone is happy about the [illegible] of [illegible] funds and speculators in the traditionally gentlemanly commodity markets. The extra cash can [illegible] a [illegible] move and some traders complain that the soft commodity markets are becoming dominated by fund activity.

"Funds can push a market, but it is not the case that these markets are bucking fundamental trends," said Mr Lawrence Eagles, commodity analyst at GNI, the London brokerage house.

Prices on the rebound





Source: Datastream

Markets this week

Starting on page 19

[illegible] DICKSON:
GLOBAL [illegible]

[illegible] will be watching as the [illegible] policy-making Open [illegible] meets tomorrow amid *widespread expectations in* the capital [illegible] will approve a further tightening of US monetary policy. They are also wondering "Is it time to substantially [illegible] portfolio weightings in the Japanese equity market?" and how many awards [illegible] Spielberg will pick up in Hollywood. Page 19.

DAVID WALTON:
ECONOMIC EYE
UK and [illegible] both adopted explicit inflation [illegible]. But [illegible] such an objective can be helpful in establishing a [illegible] guarantee [illegible] will be adhered to or is credible. Page [illegible]

Bonds:
The sell-off in the world's bond markets at the end of last week showed plainly a definitive "decoupling" of European bonds from the US market has yet to take place. Page 20

Equities:
With investors finding that the British consumer is proving a poor leader for recovery, equities will remain strongly influenced by the gilt-edged market as institutions reshape their portfolios. Page 21

Emerging markets:
Hungary's stockmarket [illegible] have acted to curb insider trading. Page 21

Currencies:
Nerves are on edge for US interest rates. Page [illegible]

STATISTICS

This week: Company news

VOLKSWAGEN

Holding out the promise of a better diet

An issue exercising at least one of the analysts summoned to Volkswagen headquarters on Thursday is [illegible] will be [illegible] for lunch.

[illegible] *unrelated*, since it governs the prospects for a good lunch *and* jam tomorrow, is how convincingly the board spells out VW's medium-term earnings outlook.

Last year's figures, released last week, [illegible] a DM1.94bn ($1.15bn) group d[illegible] and just enough in the parent's pockets for a DM2 dividend. But they "don't [illegible] anything", according to one invitee.

Mr Ferdinand Piëch, chairman, is expected to issue a cautious [illegible] of break-even for this year. But he is also likely to wax lyrical on rapidly rising profits thereafter. This prospect will [illegible] analysts who have the [illegible] group marked down as a best-bet recovery stock, equipped to profit once the motor market starts growing again.

If pressed, the board may also clarify the [illegible] restructuring measures at Seat, the Spanish subsidiary whose near-collapse has been blamed for last year's earnings slump. VW expects it to be the only one of its marques to remain in the red this year.

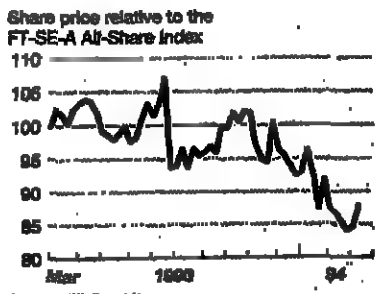
Most of the [illegible] have discounted the possibility of lasting damage to the group if production and purchasing star Mr José Ignacio López de Arriortúa [illegible] foul of continuing criminal investigations against him.

Although there are hefty doubts about the effects on unit labour costs of the four-day working week currently in effect in Germany, and the overhang of 30,000 surplus employees, city professionals appear to have been convinced that new production methods are enough to have turned the tide.

Ample portions of asparagus, usual at analysts' meetings traditionally held in May – when the green stuff is in season and cheap – [illegible] serve to underpin their [illegible].

Prudential

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

PRUDENTIAL

Shaking off some dire conditions

Changes in the US weather and the prospects for the regulatory climate in the UK will both have an impact *on tomorrow's results* announcement from Prudential, the financial services and life insurance company.

The biggest turnround is expected from Mercantile & General, the reinsurance subsidiary, which in 1992 incurred a loss on its non-life operations of £143m – described as "dire" by Mr Mick Newmarch, Prudential's chief executive.

In 1992, two North American hurricanes alone produced losses of £56m. *More recent US disasters* have not affected the insurance industry so badly.

Further growth is expected from the UK life and pensions side – Prudential is the UK's largest life insurer – but the longer-term prospects for the life sector are uncertain.

The range of analysts' pre-tax profits go from £510m-£570m, compared with £406m, with a 10 per cent dividend rise.

Among other less central issues also likely to come up is the direction of Jackson National, one of the largest US life insurance companies, which was acquired by Prudential in 1986. There may also be questions about some aspects of Prudential's fund management, following the loss of some management [illegible] pension funds.

OTHER COMPANIES

Citic to kick start Hong Kong season

Hong Kong's reporting season moves into full swing this week, kicking off with full-year earnings from Citic Pacific, the Hong Kong-listed arm of Beijing's China International Trust and Investment Corporation. Last year the group bought into Hongkong Telecom.

The market is looking for around HK$1.86bn profits after tax, a rise of 79 per cent. A growth rate of 83 per cent was achieved in the first half after Dah Chong Hong (DCH) almost doubled car sales in China. But it was thought Chinese austerity measures would hamper progress in the second half.

Also today, Hongkong Land, Jardine's property arm, is expected to reveal flat earnings. Stronger gains are slated to come on Thursday, with reports from Mr Li Ka-shing's main company, Cheung Kong and its subsidiary Hutchison Whampoa, Hong Kong's largest conglomerate.

■ RVI: The trucks and buses arm of Renault, the French state-owned vehicle group, will announce 1993 results tomorrow. The company, like all truck manufacturers, is struggling to emerge from the sharp downturn in European markets. The worst is now over, according to the company, and analysts are expecting a substantial improvement on the losses of FFr1.6bn ($280m) recorded in 1992.

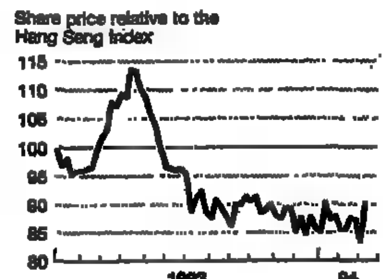
■ Banque Nationale de Paris chairman Mr Michel Pébereau will today announce the French banking group's first set of annual results since its privatisation last autumn. [illegible] are already braced for a fall in net profits to around FFr875m for 1993 from FFr2.17bn in 1992 and will be more interested in Mr Pébereau's comments on the prospects for BNP's recovery this year.

■ IBM chairman and chief executive for the past year Mr Lou Gerstner, is expected finally to reveal his strategies for IBM's recovery during a meeting with analysts in New York on Thursday. Industry [illegible] hope to hear Gerstner map out IBM's recovery, including details of how the company aims to halt the decline of its mainframe computer and data storage products revenues, [illegible] personal computer profits and [illegible] new markets.

■ Skanska: Scandinavia's biggest construction group should show a strong rebound from its disastrous 1992 results when it unveils 1993 figures on Thursday. The group will be relying on capital gains on disposals to compensate for continued recession in the Swedish construction market and big property write-downs. At the half-way stage, the group predicted a SKr2.2bn ($280m) full-year profit.

Citic Pacific

Share price relative to the Hang Seng Index



Source: Datastream

Companies in this [illegible]

COMPANIES AND FINANCE

Lihir Gold flotation threatened with delay

By Kenneth Gooding, Mining Correspondent in [illegible]

The flotation of Lihir Gold Company, which will [illegible] the [illegible] Corporation of [illegible] UK [illegible] its biggest shareholder and operator, [illegible] threatened with delay [illegible] of recent upheavals in the government [illegible] Papua New Guinea.

The company, which will develop one [illegible] the world's biggest gold mines in [illegible] of an [illegible] volcano on the [illegible] island of Lihir, [illegible] to be [illegible] on the Australian [illegible] exchange in September. It [illegible] expected to be valued [illegible] than [illegible] (£820m).

However, the [illegible] government has not yet issued a Special Mining [illegible] for [illegible] project, without which [illegible] flotation [illegible] will stall. This [illegible] expected [illegible] be issued in January at [illegible]. But, Mr Pias Wingti, PNG's prime minister, reshuffled his cabinet and [illegible] new minister for mines, Mr John Kaputin, will not be hurried into giving [illegible].

The delay is costing RTZ, the world's biggest mining company, [illegible] useful [illegible]. Only [illegible] the [illegible] will RTZ complete [illegible] deal agreed [illegible] to sell [illegible] per cent [illegible] Nuigini Mining, [illegible] partner in the project, for $48m. The PNG government is [illegible] 30 per [illegible] of [illegible] project for $42m, [illegible] of the $138m spent by the partners so far.

When Lihir Gold [illegible] up, RTZ will [illegible] about [illegible] in debt financing. Lihir will [illegible] floated [illegible] raise $300m-$400m. PNG [illegible] will get preferential treatment [illegible] 10 per [illegible] of the [illegible] and the Malaysian Mining Corporation is expected [illegible] up [illegible] 20 per cent, [illegible] bought from RTZ [illegible] via [illegible] placement [illegible] sub-underwriting.

[illegible] would [illegible] operator of [illegible] mine with [illegible] per cent of [illegible], [illegible] Nuigini Mining, [illegible] subsidiary of Battle Mountain Gold [illegible] US, with [illegible] per cent.

Mr [illegible] Loudon, chairman [illegible] Nuigini, [illegible] the [illegible] he [illegible] confident [illegible] Special Mining [illegible]. "But we are all on tenterhooks. Obviously, if the [illegible] not [illegible] until mid-year the flotation schedule would [illegible] changed."

RTZ [illegible] continuing [illegible] about raising [illegible] and [illegible] work [illegible] being carried [illegible] project.

Barnes & Noble approach to Pentos

By Alison Smith

Pentos, [illegible] specialist [illegible] which includes [illegible] Dillons bookshop [illegible] and poster chains, [illegible] considering an approach [illegible] Barnes [illegible] Noble, the [illegible] bookstore group.

Any arrangement [illegible] Pentos and [illegible] to open [illegible] of cut-price bookshops would revive the controversy over the [illegible] of the [illegible] agreement, which [illegible] in the [illegible] and [illegible] publishers [illegible] the minimum price for a [illegible].

However, while Mr Bill McGrath, [illegible] executive, [illegible] to explore [illegible] arise, [illegible] some [illegible].

Analysts expect [illegible] a rights [illegible] in the [illegible], [illegible] any arrangement [illegible] B&N would [illegible] until after that – probably in December or early [illegible].

Mr McGrath, [illegible] took [illegible] as [illegible] executive in December, [illegible] that [illegible] NBA will disappear, [illegible] taking [illegible] pro-active [illegible] of [illegible] predecessor, Mr Terry Maher, [illegible] undermining it.

In particular, he [illegible] unlikely to want [illegible] intensify [illegible] the NBA, [illegible] supported by publishers, when the group [illegible] cordial [illegible] with its suppliers. A similar rationale [illegible] to lie behind [illegible] group's [illegible] might [illegible] to reach new payment arrangements. "Athena [illegible] contemplate doing anything unilaterally [illegible] would damage the relationship [illegible] its suppliers," the company said.

Wilson Walton

Wilson Walton Group, [illegible] provider of corrosion engineering offshore and acquired by its management in 1988 [illegible] £1.5m, has been purchased by Corrpro Companies, of Ohio, for a sum approaching £10m.

Four more companies [illegible] their sights on a stock market quote

LCH gets price tag of £140m

By Simon Davies

London Capital Holdings is emerging from the financial wreckage of the former Randsworth Trust property company and will get a listing valuing [illegible] around £140m.

Randsworth was one of the most aggressive property companies [illegible] following its privatisation in 1989 [illegible] went into receivership and was rescued by its bankers, Citibank.

Citibank is expected to sell 65-75 per cent of LCH through [illegible] placement and public offer which will raise up [illegible] £100m. The [illegible] said it would retain its remaining shareholding of up [illegible] as a long-term [illegible].

The flotation [illegible] scheduled for May.

The [illegible] it [illegible] shares in LCH to free the management from financial restrictions imposed under [illegible] banking regulations while Citibank retained control.

[illegible] much of Randsworth's portfolio. [illegible] 14 properties, [illegible] in [illegible], [illegible] entirely [illegible] in London's [illegible] End.

LCH is one of a growing list of property companies aiming for [illegible] in the first half of 1994.

[illegible] will [illegible] run by [illegible] joint managing directors, Mr Nigel Kempner [illegible] Mr Stephen Musgrave, who joined Randsworth in 1987.

Mr David Newbigging – former chief executive, or taipan, at Hong Kong trading group Jardine [illegible] and [illegible] current chairman of Rentokil – is to become chairman of LCH [illegible] the flotation.

Mr Kempner [illegible] West End property [illegible] offered substantial upside potential [illegible] the limited availability of new [illegible] strong [illegible] for property in core locations.

The company plans [illegible] use the rental [illegible] from its core portfolio, estimated at £17.5m in [illegible] fund development of [illegible] properties. It will [illegible] for property purchases, or joint [illegible] projects.

Lombard Insurance to float

By Richard Lapper

[illegible] months [illegible] Independent [illegible] the [illegible] general insurance company [illegible] gain [illegible] stock market listing for more [illegible] years, another [illegible].

Lombard Insurance, [illegible] Tonbridge-based [illegible] bought out by its [illegible] last [illegible], expects [illegible] raise [illegible] from the flotation, planned [illegible] take place [illegible] the [illegible]. Overall, [illegible] is expected to be [illegible]. After the fund-raising, [illegible] would [illegible] roughly [illegible].

The group reported pre-tax profits [illegible] £5.5m for the [illegible] of 1993 [illegible] the management buy-out. Annual underwriting profits of £3.1m compared [illegible] losses [illegible] in [illegible] and [illegible] in 1991.

[illegible] Laing, managing director, [illegible] the [illegible] capital would "raise [illegible] of Lombard", especially [illegible] the [illegible] competes with companies [illegible] Independent, Norwich Union, [illegible] and Zurich [illegible] help [illegible] rapid [illegible] growth. Premium income [illegible] by 25 per [illegible] to £87.7m, [illegible] in [illegible].

[illegible] 60 per cent of Lombard's [illegible] and private car, [illegible] specialises in insuring "mature drivers" [illegible] safety records. In [illegible] the [illegible] specialises in insuring [illegible] medium-[illegible] companies, focusing on property and business interruption [illegible].

[illegible] Laing [illegible] the importance [illegible] an agreement negotiated with the company's previous [illegible] last year, indemnifying Lombard [illegible] occuring prior [illegible] the buy-out. A [illegible] fund of [illegible] designed to [illegible] all liabilities [illegible] occuring [illegible] June 1 [illegible].

[illegible] group's management, which owns [illegible] 10 more per [illegible] of [illegible] company's equity, expects [illegible] shareholding, although [illegible] capitalists who [illegible] buy-out [illegible] of [illegible] shares.

A placing [illegible] offer will [illegible] handled by Charterhouse Bank [illegible] Charterhouse Tilney Securities.

Persona valued at £20m

By Alan Cane

[illegible] Group, [illegible] Surrey-based distributor of personal computer networking products, [illegible] coming [illegible] market [illegible] of a placing which values the company [illegible] £20m.

Some £9m [illegible] being [illegible] of which about £2.5m will [illegible] available to the company to cut debt and strengthen the [illegible] sheet.

The group lost money in [illegible] and 1990 and [illegible] reorganised. Between 1991 and 1993 [illegible] rose from £10.3m [illegible], while pre-tax profits grew from [illegible] to £1.75m.

[illegible] Channon, chairman and managing director, [illegible] company distributed products mainly of [illegible] companies.

Persona is a direct competitor to the larger Azlan Group which came to market earlier this year. The two companies have similar product and marketing strategies. Azlan's striking price was 230p. It is now trading at 264p.

Persona is in one of the fastest growing parts of the personal computer business as customers seek to the their machines together in local and wide area networks. Persona distributes products from companies including 3Com, Mountain Networks and SynOptics directly to resellers.

Sponsor to the flotation is Beeson Gregory. Impact day will be March 28.

Fiscal Properties seeks £25m

By David Blackwell

[illegible] Properties is hoping [illegible] raise £25m through [illegible] flotation next [illegible].

[illegible] in commercial properties that are mainly let to the government. The portfolio has grown from a [illegible] of £13.3m at the end [illegible] 1991 [illegible] £52.9m [illegible] of January this [illegible].

A combination of new ordinary shares [illegible] convertible unsecured loan stock will be issued. The size of the issues will be announced, along with [illegible] pricing, [illegible] impact day [illegible] Wednesday [illegible].

Last year [illegible] group reported pre-tax profits of [illegible] rental [illegible].

The company was founded by Mr Terry Goddard, chairman and finance director, and Mr Gordon Bloor, chief executive and managing director, in [illegible].

All [illegible] properties [illegible] high rents, [illegible] factor which [illegible] directors believe [illegible] exposed to downturns.

[illegible] income stream is guaranteed to [illegible] year 2006, and all contracts feature upward only rent reviews.

After [illegible] flotation [illegible] group's [illegible] capitalists – Montagu Private Equity, [illegible] and SO.PA.F of Italy – will hold around 35 per cent of the company. The three are not selling any shares.

The two founders will hold 15 to 20 per cent. Mr Goddard will be selling some shares for personal reasons.

Sponsor and broker to the issue is Paribas. Dealings are expected to commence on April 15.

40% pay rise for Fife chief

Mr Gavin Hepburn, chairman of Fife Indmar, the Scottish engineering [illegible], received [illegible] 40 [illegible] year to £129,457.

The figure, published in [illegible] annual report, included [illegible] performance related bonus.

Pre-tax profits [illegible] of [illegible] compared with previous losses of [illegible].

George Simpson prepares to take up his post as the new Lucas chief

Mr George Simpson, who played a leading role in [illegible] sale of [illegible] Group [illegible] BMW, will next month begin his new job as chief executive [illegible] Industries, [illegible] components [illegible].

[illegible] will leave his current post [illegible] deputy [illegible] executive of British Aerospace [illegible] the [illegible] of March – a month earlier than previously announced. He [illegible] of [illegible] Group, [illegible] arm.

Mr Simpson, 51, [illegible] elected [illegible] the [illegible] Friday – [illegible] day [illegible] which Rover, the [illegible] car producer, officially passed into the ownership of BMW, the [illegible] carmaker.

Lucas sought for [illegible] the services [illegible] Mr Simpson.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	[illegible]
[illegible] Petroleum (S [illegible])	[illegible] Petroleum (Norway)	Oil	£820m	[illegible] downstream [illegible]
International Paper [illegible]	[illegible] Harvey [illegible]	Forestry	£200m	[illegible] 8.5% [illegible]
Gazprom(Russia)/ [illegible] (Finland)	[illegible]	Gas	£122m	[illegible]
Ford (US)	[illegible] Lagonda (UK)	Car [illegible]	£50m	[illegible]
[illegible] (UK)	San(Poland)	Food	£19m	[illegible]
Blenheim Group (UK)	Editoriale PEG (Italy)	Publishing	£9m	[illegible] of [illegible] buys
Helton [illegible]	F&T [illegible] (Ireland)	Building materials	£7.8m	Cash [illegible]
Blenheim [illegible] (UK)	[illegible] (France)	Exhibitions	£3.5m	[illegible] of [illegible] restructuring
[illegible] (UK)	[illegible] (France)	Adhesives	£2.9m	Completing Euro-network
Giddings [illegible] Lewis (US)	Flexible Manufacturing (UK)	Engineering	n/a	[illegible] from receivers

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, March 18, 1994. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Special Drawing Rights [illegible] 17, 1994 United Kingdom [illegible] Japan Yen121.014

Abbreviations: [illegible] Some data derived from THE WM/REUTERS CLOSING SPOT RATES [illegible]

SCA buys French packaging group

By Christopher Brown-Humes in Stockholm

SCA, Sweden's second largest forestry group, plans to buy a 90 per cent stake in Otor Holding, a privately-held French packaging company, in a deal worth up [illegible] FFr2bn ($346m).

The move will [illegible] partially funded by a SKr1bn share issue [illegible] foreign investors. It is the [illegible] acquisition by [illegible] Swedish forestry group on the continent for three years.

SCA [illegible] the [illegible] would [illegible] its [illegible] [illegible] the Euro[illegible] transport packaging [illegible]ket [illegible] 11 [illegible] cent from 9 per cent [illegible] [illegible] it in its ambition [illegible] building a 15 per cent [illegible] position.

Mr Sverker Martin-Löf, SCA president, said: "This [illegible] us a strong [illegible] in one of Europe's four big markets and consolidates our position as Europe's leading transport packaging group."

The move comes only [illegible] after SCA announced investments of SKr3bn, including a joint venture newsprint plant, based on 100 per cent recycled paper, [illegible] Aylesford in southern England.

Otor is France's second larg[illegible] producer of [illegible] [illegible] for transporting goods, with a [illegible] [illegible] [illegible] market share.

It produces [illegible] tons a year [illegible] corrugated board in [illegible] [illegible] and two British plants. It also produces [illegible] tons [illegible] container [illegible] based on recy[illegible] fibre, and [illegible] operations include a recycled-paper [illegible]pany. Profits [illegible] FFr108m last [illegible], on sales of FFrs1.9bn, are expected [illegible] rise [illegible] FFr170m in 1994.

[illegible] [illegible] the acquisition would bring FFr100m in syn[illegible] benefits and improve 1994 earnings [illegible] financial [illegible] by SKr190m. It will pay an initial FFr1.77bn and up to [illegible] more if Otor's 1994 and [illegible] profits exceed last year's.

The vendors, Mr Jean-Yves Bacques and family, will sub[illegible] to SKr300m of the [illegible] issue, with the [illegible] being placed with international investors. SCA [illegible] it had already tapped its own shareholders with a SKr1.4bn rights issue last year.

The group has [illegible] reputation for being the least cyclical of the Nordic forestry groups, because of a strong bias [illegible] hygiene products through its Mölnlycke unit.

Its resilience was apparent last [illegible] [illegible] it achieved a SKr1.21bn profit after financial items, despite a [illegible] pulp and paper market. This [illegible] with a SKr451m profit a [illegible] [illegible].

The group [illegible] profits [illegible] rise to SKr1.7bn–SKr2.2bn [illegible] [illegible], helped by an improving pulp [illegible] paper market. The dividend [illegible] [illegible] to SKr3.40 [illegible] share from SKr3.10.

Kumagai Gumi quits Frankfurt project

By Michiyo Nakamoto in Tokyo

Kumagai Gumi, [illegible] Japanese construction company, is to sell its 25 [illegible] [illegible] [illegible] in Frankfurt Properties Invest[illegible] and withdraw from planned property development in the centre of Frankfurt.

Kumagai [illegible] selling [illegible] [illegible] to Telenorma, [illegible] electronics equipment maker and [illegible] subsidiary [illegible] Bosch [illegible] Germany.

The Japanese group [illegible] closing [illegible] wholly-owned subsidiary in Holland, KTN Realty which held [illegible] [illegible] in Frankfurt Properties Investments. Telenorma will [illegible] over [illegible] Frankfurt company.

Kumagai said it had [illegible] the [illegible] because of difficulty [illegible] obtaining planning permission from [illegible] German authorities, the weakening of the property market and gloomy prospects for [illegible] planned project.

Its withdrawal from [illegible] Frankfurt project, initially valued [illegible] Y70bn [illegible] Y80bn, and the [illegible] of its Dutch subsidiary will result in Kumagai incurring [illegible] Y6bn [illegible] loss.

The move [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] withdrawal from [illegible] highway project [illegible] Bangkok, Thailand, and highlights [illegible] problems Japanese construction companies [illegible] facing in their [illegible] ventures.

Kumagai said that as [illegible] result [illegible] the [illegible] [illegible] would incur [illegible] greater loss from [illegible] [illegible] operations than previously [illegible]. Its extraordinary losses from overseas [illegible] [illegible] now expected to [illegible] Y32bn, rather than Y21bn as [illegible] in February.

However, the company does not, [illegible] a result, [illegible] [illegible] larger net [illegible] in the current year to [illegible] end of March.

It [illegible] being helped by a larger operating profit than previously estimated and plans to offset the increased [illegible] [illegible] by [illegible] assets, such as [illegible] and trust funds as well as properties.

● Japan's ministry of finance has ordered Kankaku Securities, a medium-sized broker, to suspend corporate client transactions from March 25 [illegible] April 7 over the broker's illicit client [illegible], [illegible] Emiko [illegible] in Tokyo.

Euro Disney attendance shows fall in second year

By Alice Rawsthorn in Paris

Euro Disney, the troubled leisure group that last week agreed terms with its [illegible] [illegible] [illegible] FFr13bn ($2.25bn) rescue package, has suffered a sharp fall in [illegible] over the [illegible] year, according [illegible] Mr Philippe Bourguignon, chairman.

Mr Bourguignon told Journal du Dimanche, the French newspaper, that about [illegible] people will have visited the EuroDisneyland theme park by the end of its second year on April 12, [illegible] 10.5m visitors during the [illegible] [illegible].

[illegible] [illegible] [illegible] [illegible] [illegible] was a reduction in the number [illegible] British visitors. The UK was one [illegible] EuroDisneyland's larg[illegible] markets in the first year.

However, [illegible] pound's [illegible]ness against the [illegible] franc, following the autumn 1992 currency crisis, triggered a signifi[illegible] fall in British bookings [illegible] spring and summer.

The pound has since strengthened slightly against the franc. Mr Bourguignon [illegible] Euro Disney plans [illegible] try [illegible] boost attendance from the UK. "Our priority for this season [illegible] to [illegible] [illegible] British [illegible]ket," he added.

Mr Bourguignon did not [illegible]close details of the company's plans for the UK. However, Euro Disney [illegible] [illegible] [illegible] [illegible] significant [illegible] in atten[illegible] from the French through [illegible] successful campaign [illegible] aggressive advertising and price promotion.

Euro Disney [illegible] [illegible] was [illegible] hit by a fall in the number [illegible] German visitors. More recently it is understood that advance bookings for the coming spring [illegible] summer season have been depressed by uncertainty [illegible] the progress of the financial restructuring.

"Understandably, parents [illegible] worried about promising their children [illegible] trip to Euro-Disneyland only [illegible] find that [illegible] park had [illegible] closed," said one insider. "Now [illegible] the [illegible]cue [illegible] been agreed, we ought [illegible] [illegible] [illegible] rush of bookings."

Despite the rescue, Euro Dis[illegible] is expected to remain in the red this [illegible]. Morgan Stanley forecasts a net [illegible] [illegible] FFr1.5bn for [illegible] present [illegible] [illegible] September 30 with the [illegible] [illegible] [illegible] to [illegible] [illegible] only in the [illegible] financial year.

Boeing net earnings set to drop

Boeing, [illegible] [illegible] aircraft manufacturer, forecast that [illegible] operating margins would be largely maintained in 1994, positioning it [illegible] [illegible] [illegible] expansion cycle, Reuter reports from [illegible].

[illegible] [illegible] annual report it [illegible] [illegible] corporate [illegible] earnings would [illegible] [illegible] [illegible] result [illegible] [illegible]ing [illegible] and [illegible] [illegible] [illegible] expenditures that will [illegible] [illegible] [illegible] year's $1.7bn level.

The [illegible] again warned [illegible] [illegible] expected sales [illegible] fall in [illegible] [illegible] around $21bn from $25.4bn as aircraft deliveries continue to decline, reflecting the downturn in the world travel market.

[illegible] at [illegible] [illegible] unit should [illegible] by [illegible] 10 per [illegible] over [illegible] $4.4bn [illegible] of [illegible] [illegible] [illegible] [illegible] company's [illegible] designation by the space [illegible] [illegible] as prime [illegible]tor for the space station.

Because [illegible] higher [illegible] [illegible], mainly [illegible] the 777 commercial jet and [illegible] next-generation 737, "there will [illegible] [illegible] significant decline in [illegible] earnings as a per cent of sales for 1994", [illegible] said.

It predicted that the world air travel market would grow at an [illegible] annual rate of slightly [illegible] than 5 per cent until 2010, creating [illegible] total world market [illegible] commercial jets of about [illegible] [illegible] [illegible] [illegible] [illegible] years.

Nikkei derivatives for Simex

By Laurie Morse in Boca Raton

[illegible] Singapore International Monetary Exchange [illegible] [illegible] the [illegible] non-Japanese futures exchange [illegible] [illegible] given [illegible] licensing rights to [illegible] futures and options contracts [illegible] on [illegible] newly-created Nikkei 300 Japanese [illegible] index. The rights were granted by the Nihon Keizai Shimbun, [illegible] Japanese [illegible].

The capitalisation-weighted [illegible] 300 [illegible] expected to supplant the widely-followed Nikkei [illegible] as the benchmark index [illegible] the Japanese [illegible] market, [illegible] the [illegible] licensing agreement gives Simex the opportunity [illegible] [illegible] its [illegible] in Asian [illegible] index [illegible] [illegible].

The [illegible] intends to [illegible] Nikkei [illegible] [illegible] in direct competition [illegible] [illegible] [illegible] futures exchange, [illegible] already [illegible] rights to the same index.

The [illegible] exchange [illegible] [illegible] announced [illegible] launch [illegible] for [illegible] new [illegible] products, but says it will trade its Nikkei [illegible] [illegible] [illegible] 225 [illegible] [illegible] products [illegible] by [illegible].

In January and February there [illegible] [illegible] than 1.3m Nikkei [illegible] [illegible] [illegible] options contracts [illegible] on Simex, substantially [illegible] [illegible] similar [illegible] in [illegible] or on [illegible] Chicago Mercantile Exchange.

Separately, [illegible] [illegible] [illegible] [illegible] Chicago Mercantile Exchange have agreed [illegible] [illegible] their mutual [illegible] arrangement for [illegible] years. The arrangement, instrumental in Simex's [illegible] in [illegible], [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] offset [illegible] [illegible] other's trading floor.

It [illegible] implemented [illegible] give [illegible] CME [illegible] [illegible] in [illegible] [illegible] time zone, [illegible] has [illegible] [illegible] despite [illegible] [illegible] [illegible] Globex, [illegible] international after-[illegible] [illegible] trading system.

Surprise jump in profits for Jardine motor arm

By Louise Lucas in Hong Kong

Jardine International [illegible] Holdings, [illegible] [illegible] distribution arm [illegible] [illegible] Jardine Group, [illegible]prised [illegible] Hong Kong [illegible] [illegible] [illegible] [illegible] per [illegible] jump in net profits [illegible] US$73.2m in 1993, from US$59.5m in 1992.

Gains [illegible] fuelled by strong performances in distribution and service operations in Hong Kong, Macao and China, and helped by a lower tax bill.

There was also a turnround in the UK and Australia while sales in China surged despite the austerity drive in place for part of 1993.

Mr Simon Keswick, chairman, [illegible] "While the [illegible] [illegible] begun well in China [illegible] Hong Kong, with continuing demand for [illegible] motor vehicles, there remains uncertainty over [illegible] impact on [illegible] sales of [illegible] introduction [illegible] new taxation in China."

The new taxes, which come into effect next month, put a 150 per cent levy on top-range big engine cars sold to joint ventures – where around two-thirds of China sales are made.

Earnings per share [illegible] 19 per cent to 15.34 US cents from 12.93 [illegible] and directors are recommending a final dividend of 5.80 cents for [illegible] total payout of 7 cents, up 16 per cent.

Hyundai shelves plant re-opening [illegible] Montreal

Hyundai of South Korea has shelved the re-opening of its [illegible] car assembly plant [illegible] [illegible] indefinitely [illegible] [illegible] doubts that proj[illegible] output of [illegible] Elantra from [illegible] would [illegible] economic, writes Robert Gibbens in Montreal.

[illegible] plant was [illegible] temporarily [illegible] summer when [illegible]duction [illegible] the slow-selling Sonata fell [illegible] an annual rate [illegible] 15,000, [illegible] [illegible] per [illegible] of [illegible]ity.

The company last year negotiated with governments to [illegible] re-equip the plant to make the [illegible].

Dispute over Aerolineas settled

By John Barham in [illegible]

Argentina [illegible] Iberia, Spain's state-owned national airline, [illegible] settled their three-year dispute over [illegible] privatisation [illegible] Argentina's flag carrier [illegible] Argentinas.

Mr Domingo Cavallo, Argen[illegible] [illegible] minister, [illegible] Mr [illegible] Salas, Iberia president, signed [illegible] [illegible] [illegible] [illegible] requiring [illegible] to inject $500m into [illegible] heavily loss-making Aerolineas, raising its [illegible] [illegible] [illegible] per [illegible] [illegible] [illegible] [illegible] [illegible].

The [illegible] [illegible] at Aerolineas [illegible] sparked off [illegible] [illegible] by Mr [illegible] [illegible] [illegible] commit its share of the $500m capi[illegible] [illegible].

The government's [illegible] per [illegible] stake will drop [illegible] [illegible] [illegible] cent, with [illegible] employees hold[illegible] [illegible] remaining [illegible]. The government will, however, [illegible] [illegible] to recognise Aerolineas [illegible] Argentina's [illegible] [illegible].

[illegible] [illegible] [illegible] capital injection [illegible] [illegible] used [illegible] reduce the $700m [illegible] [illegible] [illegible] [illegible] advanced Aerolineas, [illegible] $100m [illegible] earmarked for new [illegible]. The Spanish and Argentine banks that held [illegible] [illegible] the remaining [illegible] in Aerolineas on behalf [illegible] Iberia have withdrawn from the company.

As part of [illegible] deal, [illegible] [illegible]ernment will [illegible] charter flights, removing [illegible] growing [illegible] of competition on international routes. However, [illegible] rejected Iberia's demands for tighter regulation [illegible] [illegible] flights. Iberia wanted it [illegible] restrict [illegible] entry [illegible] strong, possibly foreign-owned, [illegible]petitors into [illegible] local market.

[illegible] will also [illegible] [illegible] [illegible] provide ground services for Aerolineas, which [illegible] monopolised by [illegible] [illegible] force-controlled company, helping [illegible] [illegible] operating [illegible].

Shell Australia plans metals float

By Nikki Tait in Sydney

Shell Australia, part [illegible] [illegible] Anglo-Dutch oil [illegible], plans [illegible] float [illegible] [illegible] division [illegible] [illegible] [illegible] market. Its [illegible] per [illegible] [illegible] [illegible] in [illegible] Worsley bauxite/alumina project in [illegible] Australia will, however, be [illegible] from the sale.

The company declined to [illegible] when the float might take place, but [illegible] preparations [illegible] "at an advanced stage".

The main assets [illegible] be floated [illegible] a [illegible] per cent interest in [illegible] Boddington gold mine and [illegible] [illegible] per [illegible] [illegible] [illegible] [illegible] Cadjebut zinc/lead project, [illegible] in [illegible] Australia.

The [illegible] [illegible] (including Worsley) made a pre-tax profit [illegible] A$30m (US$21.4m) last [illegible], on sales [illegible] A$225m. [illegible] production [illegible] 113,000 ounces; zinc production (concentrate), 43,000 tonnes; lead production (concentrate), 12,000 tonnes.

The announcement comes as Gencor, the South African [illegible] house, and Royal Dutch/Shell, Shell [illegible] parent, [illegible] [illegible] [illegible] [illegible] purchase [illegible] [illegible] major part [illegible] Royal Dutch/Shell's metals interests. These talks were announced last May, and if [illegible] deal [illegible] ahead, it [illegible] reckoned [illegible] [illegible] worth US$1.5bn–$2bn.

But as [illegible] [illegible] Shell Australia is concerned, Gencor's primary interest is thought to centre on the Worsley joint venture, which produces around 13 per cent of Australia's alumina. This is understood to be the main reason for excluding the holding from the flotation plan.

Prices for electricity [illegible] for the purposes of the [illegible] settlement arrangements in England and Wales.

1/2 hour period ending	[illegible] Price for Trading on [illegible]: Pool purchase price £/MWh	[illegible] for Trading on 20.03.94: [illegible] purchase price £/MWh	Pool selling price [illegible]
0030	17.07	16.75	16.75
0100	16.09	27.66	29.69
0130	17.88	27.68	[illegible]
[illegible]	16.09	27.66	29.69
[illegible]	16.55	19.07	21.07
0300	16.76	19.29	21.30
0330	15.08	[illegible]	20.98
0400	10.93	[illegible]	[illegible]
0430	10.77	[illegible]	[illegible]
0500	10.83	16.70	[illegible]
0530	[illegible]	16.68	16.68
0600	10.82	16.62	16.62
0630	[illegible]	16.60	[illegible]
0700	[illegible]	16.60	[illegible]
0730	10.83	16.60	16.60
[illegible]	[illegible]	[illegible]	16.66
0830	[illegible]	[illegible]	[illegible]
0900	10.91	16.62	[illegible]
0930	13.40	17.57	[illegible]
1000	14.17	16.76	[illegible]
1030	14.87	17.93	19.94
1100	14.97	19.07	[illegible]
[illegible]	14.97	19.48	21.48
[illegible]	14.97	[illegible]	23.59
[illegible]	14.97	21.58	[illegible]
[illegible]	14.97	[illegible]	[illegible]
[illegible]	14.97	[illegible]	23.59
1400	[illegible]	19.48	[illegible]
[illegible]	10.95	16.72	16.72
[illegible]	[illegible]	16.68	[illegible]
[illegible]	10.63	16.64	16.64
[illegible]	[illegible]	16.64	[illegible]
[illegible]	[illegible]	16.64	[illegible]
[illegible]	[illegible]	16.75	[illegible]
[illegible]	[illegible]	16.76	16.76
1800	[illegible]	[illegible].58	23.59
1830	[illegible]	35.86	37.87
1900	17.57	35.86	37.87
1930	17.57	35.86	37.87
2000	17.57	23.08	25.07
2030	17.57	21.16	23.17
2100	14.97	19.48	21.48
2130	14.97	18.75	20.76
2200	14.97	17.67	19.68
2230	14.17	17.67	19.68
2300	10.93	16.70	16.70
2330	10.91	16.64	16.64
2400	10.89	16.64	16.64

Prices are determined for every half-hour in each [illegible] hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.888/MWh becomes 1.689p/KWh. Provision for the determination of pool prices is made in the Pooling [illegible] which govern the [illegible] in England and Wales. [illegible] basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is [illegible] correction (and sometimes major [illegible]) pool prices are determined [illegible] twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices [illegible] capable of revision. Pool Selling Price is the price paid by [illegible] electricity under the pool trading arrangements. [illegible] upon the determination of Pool Purchase Price. Information on pool prices is provided on [illegible] Energy [illegible] and Information Services [illegible] Anyone wishing to receive such information [illegible]elephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.
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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 21.03.94: Pool purchase price £/MWh	Pool Prices for Trading on 21.02.94: Pool purchase price £/MWh	[illegible] selling price £/MWh
0030	10.91	16.75	16.75
0100	14.78	16.75	21.21
0130	15.88	19.48	21.94
0200	15.65	25.49	27.95
0230	14.81	[illegible]	21.94
0300	[illegible]	[illegible]	21.94
0330	14.48	19.48	21.94
0400	14.48	19.48	21.94
0430	10.97	17.87	[illegible]
0500	[illegible]	16.74	16.74
[illegible]	[illegible]	[illegible]	16.60
0600	10.64	[illegible]	[illegible]
0630	10.96	[illegible]	16.82
0700	[illegible]	[illegible]	[illegible]
0730	14.91	19.04	21.50
0800	16.56	19.25	[illegible]
0830	[illegible]	20.34	22.81
0900	[illegible]	19.75	22.26
0930	[illegible]	20.04	22.58
[illegible]	18.97	20.89	[illegible]
[illegible]	16.70	20.63	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
1130	16.77	20.54	[illegible]
1200	16.77	20.62	23.04
1230	16.71	20.47	22.88
1300	16.64	17.17	17.17
1330	[illegible]	17.09	17.09
1400	15.15	17.02	[illegible]
1430	14.92	[illegible]	[illegible]
1500	14.92	16.90	[illegible]
1530	[illegible]	[illegible]	[illegible]
1600	[illegible]	17.10	17.10
1630	[illegible]	17.30	17.30
1700	16.70	20.88	23.43
1730	15.89	23.42	28.85
1800	15.88	27.18	31.24
1830	16.59	33.17	37.23
1900	15.81	30.85	34.41
1930	18.95	22.11	24.96
2000	18.58	20.87	23.43
2030	18.50	20.57	23.04
2100	15.14	20.55	23.01
2130	15.75	20.03	[illegible]
2200	15.71	18.91	[illegible]
2230	16.63	16.86	[illegible]
2300	10.97	16.75	[illegible]
2330	10.88	16.65	[illegible]
2400	10.82	16.88	[illegible]

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert [illegible] to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.888/MWh becomes 1.689p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.
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THE WEEK AHEAD

UK COMPANIES

■ TODAY
[illegible] MEETINGS:
Updown [illegible], 12, Tokenhouse [illegible], E.C., 12.00
BOARD [illegible]:
Finals:
Argos
Astec (BSR)
Avonside
BPP
Bunzl
Crestacare
Doeflex
Fact (EW)
Fired Earth Tiles
Pendragon
Wilson Bowden
Interims:
Lucas Inds.
Tay Homes
Trafford Park Estates
■ TOMORROW
COMPANY MEETINGS:
St David's Inv. Tst., Queen's Chambers, 2, North Street, Newport, [illegible]
Serif, Belstead [illegible] Hotel, Belstead [illegible], Ipswich, 10.30
TSB, Moat House International, Glasgow, 10.30
BOARD MEETINGS:
Finals:
American Tst.
[illegible]tofagasta
Appleyard
Avonmore Foods
[illegible] Int.
[illegible] Starquest
Bourne End Properties
Bowater
Clyde Petroleum
Derwent Valley
Iceland
Law Debenture
Lilliput
Mayborn
Metalrax
Prudential
Quicks
RPS
River & Mercantile American Cap.
Secure Tst.
Trinity Int.
Try
UK Safety
Unichem
World of Leather
Interims:
Allied London Properties
Baillie Gifford Japan
Butte Mining
Dorling Kindersley
Lincat
Lon. & St. Lawrence Inv.
Trace Computers
UDO
■ WEDNESDAY MARCH 23
COMPANY MEETINGS:
Bullough, The Courtyard, 26, Euston Centre, Euston Road, N.W., 10.30
Continental Assets Tst., 1, Charlotte Square, Edinburgh, 12.30
Fairway Grp., New Broad Street House, 34, New Broad Street, E.C., 10.30
Gestetner Hldgs., Hyde Park Hotel, 66, Knightsbridge, S.W., 9.45
River & Mercantile Tst., New Connaught Rooms, Great Queen Street, W.C., 12.00
Scottish American Inv., 45, Charlotte Square, Edinburgh, 12.00
Trust of Property Shares, Park House, 16, Finsbury Circus, E.C., 11.00
BOARD MEETINGS:
Finals:
AFV
Aspen Comms.
Barr & Wallace Arnold Tst.
Bournemouth Water
Bowthorpe
Burn Stewart Distillers
Clinton Cards
Devro Int.
High Gosforth Park
Jardine Matheson
Lambert Howarth
Lasmo
Lex Service
Matthews (Bernard)
More O'Ferrall
North Sea Assets
Page (Michael)
Quality Software
Richardsons Westgarth
TI
Thornton Asia Emerging Mkts.
Unichem
Wace
Weir
West Hampshire Water
Whatman
Wood (Arthur)
Interims:
BZW Conv.
Barratt Devs.
Britannic Assurance
BB & EA
Canning (W)
Cooper (F)
Manganese Bronze
Premium Tst.
Ricardo
Town Centre Sec.
■ THURSDAY MARCH 24
COMPANY MEETINGS:
Baring Tribune Inv. Tst., 155, Bishopsgate, E.C., 2.30
Burlington Grp., Honourable Artillery Co., Armoury House, City Road, E.C., 10.00
Fleming American Inv. Tst., 25, Copthall Avenue, E.C., 12.00
Gardiner Grp., 7, Birchin lane, E.C., 10.30
Greenfriar Inv., 3, [illegible] Avenue, [illegible] 2.15
[illegible]wort Charter Inv. Tst., 10, Fenchurch Street, E.C., 12.30
Lincoln House, Birchwood Way, Somercotes, Derbyshire, 10.00
Warner Estate Hldgs., Claridge's, Brook Street, W., 12.15
BOARD MEETINGS:
Finals:
Abbeycrest
Ayrshire Metal Products
Baird (Wm)
Beradin
Bilston & Battersea
Booker
Bridon
Bruntcliffe Aggregates
CIA Grp.
Catties Hldgs.
Caverdale
Culver
Devenish (JA)
Frost
Geest
Jardine Strategic
Laing (J)
Lowe (Robert H)
Morrison (Wm) Supermarkets
P & O
Reckitt & Colman
Ruberoid
Slough Estates
Sphere Inv. Tst.
Sun Alliance
TLS Range
Utd. Newspapers
Wellcome
Wolstenholme Rink
Interims:
Dowding & Mills
Foreign [illegible] Colonial [illegible] Smaller Co's
[illegible] (MJ)
Maunders (J)
■ FRIDAY MARCH 25
COMPANY MEETINGS:
Burford Hldgs., Britannia Inter-Continental Hotel, [illegible] Square, W., 10.00
Caldwell Invs., Yorkshire House, [illegible] Street, Leeds, 12.00
Hill & Smith Hldgs., Copthorne Hotel, The Waterfront, Level Street, Brierley Hill, W. Midlands, 12.00
Lonrho, Barbican Hall, Barbican Centre, E.C., 11.00
Trencherwood, Donnington Valley Hotel, Oxford Road, Newbury, Berks., 11.30
Ward Hldgs., 82, New Cavendish Street, W., 2.30
Yorkshire Chemicals, Kirkstall Road, Leeds, 12.00
BOARD MEETINGS:
[illegible]
[illegible]
Capital Inds.
Fisher [illegible]
Hornby
Macallan [illegible]
Monument [illegible] Gas
National [illegible]
Newman Tonks
Portmeirion Potteries
Ticketing Grp.
Interims:
Blackwood Hodge
China & Eastern Inv. Tst.
Frogmore Estates
Halstead (James)

Company meetings are annual general meetings unless otherwise stated.
Expected announcement dates are shown for board meetings.
Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

DIVIDEND [illegible] INTEREST PAYMENTS

■ TODAY
[illegible] 7.2% [illegible] 2000 Y730000.0
Christiania [illegible] 1997 $1154.19
Commercial [illegible] Bd. 2002 [illegible]
Dai-Ichi [illegible] 10% [illegible] '01 $1000.0
Enron $0.1875
Jersey Phoenix Tst. 1.25p
Leumi Int. Invs. Gtd. FRN '97 $183.26
Marubeni Int. Fin. Euro Yen Gtd. Nts. '98 Y2000000.0
M & G Recovery Inv. Tst. 1p
Do. Geared Units 1p
Do. Package Units 1p
Mitsubishi Fin. 9¼% Sb. Nts. '94 $45625.0
NT & T 10¼% Bd. 2001 C$105.50
Southern Electric 6.7p
South West. Elect. 7p
Tate & Lyle Int. Fin. 5¾% Gtd. Bd. 2001 £143.75
Thames Water 9¼% Cv. Sb. Bd. '08 £237.50
■ TOMORROW
Alcan Aluminium $0.075
Arab Banking FRN '96 $263.96
Birmingham Mid. Bldg. Scty. Fltg. Rate Sb. Nts. '05 £32511.82
Bristol & West Bldg. Scty. Snr. Var. Rate Nts. '94 £128.08
Eastern Electricity 6.6p
Leeds Permanent Bldg. Scty. FRN '96 £138.70
Marine Mid. Bks. Fltg. Rate Sb. Nts. 2009 $131.25
Marubeni Int. Fin. 3% Bd. 1998 $3000.0
Midland Bk. Und. Fltg. Rate Prim. Cap. Nts. ('85) $251.39
Nationwide Bldg. Scty. Sb. FRN 2000 £158.74
Do. Sb. FRN 2004 [illegible]
Northern Electric 7.4p
Riggs Nat. Fltg. Rate Sb. Nts. '96 [illegible]
Standard Chart. Und. Prim. Cap. FRN [illegible]
Taisei 2.7% Bd. '98 Y71250.0
Do. 3.05% Bd. '98 [illegible]
Do. 3.8% Bd. '01 [illegible]
Updown Inv. 13p
■ [illegible]Y MARCH 23
AAH 6p
East Midlands Elect. 6.8p
European Inv. Bank [illegible]% Ln. '02 £275.0
Halliburton $0.25
Leeds Perm. Bldg. Scty. Sb. Var. Rate [illegible] £149.79
Natl. Power 6¾% Cv. Sb. Bd. '08 £36.11
[illegible] Platinums R0.10
Rustenburg Platinum R0.625
Scottish Hydro-Elect. 3.96p
Severn Trent 11⅝% Bd. 2001 £581.25
[illegible] Bikuben Sb. FRN 2000 $2249.93
Yorkshire Water 6¾% Snr. Cv. Bd. 2008 £3.375
■ THURSDAY MARCH 24
All Nippon Air. 6.35% Nts. 2000 Y635000.0
Amer FM2.0
Asian Devlpmnt. Bk 10¼% Ln. 2009 £256.25
Britannia Bldg. Scty. FRN 1997 £135.46
Eve 3p
Greenalls 11½% Db. 2014 £5.75
Do. 7% Cv. Sb. Bd. 2003 4.2p
Impala Platinum R0.45
Int. Bk. for Reconstruction & Dev., 9½% Ln. '10 £4.75
NSK 2.8% Bd. 1998 Y71556.0
Do. 3.1% Bd. 1998 Y79222.0
Royal Bk Scotland 10⅝% Sb. Bd. '98 £531.25
Saehan [illegible] Bank. FRN '98 $478.38
Sidlaw 7½% Un. Ln. 03/08 £3.75
Spain (Kingdom of) 11¾% Ln. 2010 £293.75
Tokyu Land [illegible] Bd. '95 [illegible]
Treasury 2½% I.L. 2001 £2.2498
■ FRIDAY MARCH 25
Am. Cyanamid $0.4375
[illegible] Brit. [illegible] 5½% Un. Ln. [illegible] 2002 1.375p
Do. 7¾% Un. Ln. '97/2002 1.875p
Brit. Land 8¾% Bd. 2023 [illegible]
Do. 12½% Bd. 2016 £625.0
Charlwood Alliance 7½% Un. Ln. 1.875p
Compass 3.56p
Daiwa Und. Gtd. Sb. FRN Y2304932.0
East Midlands Elect. 12% Bd. 2016 £1200.0
Finnish Ex. Credit 3.5% Equity Yld. Sec. '95 $17.50
Fleming O'[illegible] Inv. Tst. 1.5p
Fuji Bank Int. Fin. Perp. Sb. Gtd. FRN Y230493.0
Do. Und. Sb. Gtd. Var. Rate Nts. [illegible]
Greenfriar Inv. 4.5p
Grosvenor Inns 2.25p
Hercules $0.56
Japan Air. Terminal 6.4% Bd. '99 Y640000.0
London Int. [illegible]% Cv. Bd. 2002 £45.0
Lydenburg Platinum R0.44
[illegible] 3% Bd. Cons. [illegible]
Marine [illegible] Fltg. Rate Sb. [illegible] '05 $131.25
Marston Thompson 10¼% Db. 2012 £5.125
[illegible] Water Board Chelsea Wtr 2½% Db. 1897 £1.375
Mitsubishi Oil 4.2% Bd. '03 Y105187.0
New Zealand 11½% 2014 £287.50
Nottingham Water Anns (per £3.35) £1.75
Do. (per £1.35) [illegible]
Oxford Instruments 1.5p
[illegible] Db. [illegible]
[illegible] Fleming Int. Fin. 9¾% Perp. [illegible] £25.18
[illegible] Int. (No.2) [illegible] Var. Rate Sec. [illegible]
TSB [illegible] Fd. Ptg. Rd. Pf. (Class [illegible]) 0.87p
Tendring Hundred Water 4½% [illegible] Db. £2.25
Tops Estates 0.6054p
Trafalgar Hse 8% Un. Ln. 94/99 £4.0
Do. 9½% un. Ln. 2000/05 £4.75
Treasury 8% 2009 £4.0
Welsh Water 10¾% Bd. 2002 £537.50
■ SATURDAY MARCH 26
Daily Mail [illegible] Gen. 5¾% Exch. Bd. 2000 £32.58
Exchequer 12¼% 1999 £6.125
Japan Dev. Bank 8½% Gtd. Nts. '96 $425.0
[illegible] 2004/08 £6.75
Vaux 9⅞% Db. 2015 £4.9375
Do. 10¾% Db. 2019 £5.375
Do. 11¾% Db. 2010 £5.875
■ SUNDAY MARCH 27
Mersey Docks & Harbour 6¾% Rd. Db. 96/99 £3.375
Scottish Life 7⅛% Un. Ln. '97/2002 £3.5625
Treasury 8% 2013 £4.0

The Markets

THIS WEEK

Global Investor / **Martin Dickson in New York**

All eyes on the Federal Reserve

The US [illegible] Reserve this [illegible] runs the risk of being damned if it does – [illegible] rates, that is – yet [illegible] damned if it [illegible] not.

The Fed's policy-making Open Market Committee [illegible] tomorrow amid widespread [illegible] in [illegible] capital [illegible] that it will [illegible] a further tightening [illegible] monetary policy.

There are certainly [illegible] sons for it to do so. Although a [illegible] last [illegible] showed that inflation remains subdued, America's economic expansion has proved surprisingly robust in [illegible] months [illegible], and as labour and product [illegible] diminish, inflationary [illegible] will [illegible] building.

But it remains unclear [illegible] to push [illegible] rates [illegible] ing [illegible] initial turn of the [illegible] February 4, when [illegible] tight[illegible] monetary policy [illegible] first time in [illegible], with a quarter [illegible] a point increase in [illegible] funds [illegible].

Mr Alan Greenspan, [illegible] Fed chairman, has spoken [illegible] ing [illegible] move from an accomoda[illegible] a neutral stance, leav[illegible] market [illegible] just [illegible] constitutes [illegible] ity. [illegible] analysts are anticipating a [illegible] per [illegible] funds [illegible] by [illegible] end, [illegible] forward [illegible] suggesting that this [illegible] could [illegible] by mid-year.

The [illegible] might [illegible] in principle on further tightening tomorrow, while leaving an actual [illegible] until April, perhaps [illegible] has had a chance to view the employment [illegible] ures for March, due out on the [illegible] month.

However, a failure [illegible] tighten within days [illegible] the meeting would [illegible] unsettling a jittery [illegible]. Its [illegible] graphically [illegible] on Friday when a visit [illegible] short [illegible] by Mr Greenspan [illegible] the [illegible] for a [illegible] "economic fundamentals" with Mr Clinton prompted a sharp [illegible] in bond markets [illegible] the world.

Mr Clinton, [illegible] theorised, was trying to dissuade Mr Greenspan [illegible] increasing rates, though [illegible] White [illegible] any [illegible] on interest rates were given or [illegible].

Whatever the president's motives, [illegible] took place [illegible] Tuesday's FOMC meeting points [illegible] a curious insensitivity [illegible] the part of both the White House and Mr Greenspan [illegible] the anxiety [illegible] the credit [illegible].

If the Fed [illegible] to tighten in the wake of the meeting, it will risk being seen as succumbing to White House pressures, and thus undermining its inflation-fighting [illegible].

[illegible] has several options.

The market's jitteriness makes [illegible] any tightening [illegible] particularly hard [illegible] judge. The [illegible] most [illegible] put [illegible] quarter point on [illegible] funds, which would [illegible] with Mr Greenspan's reputation [illegible] gradualism. The danger in [illegible] that, rather than calming the market, it will simply keep it in a state [illegible] nervous suspense, waiting [illegible] the next [illegible] basis point increase.

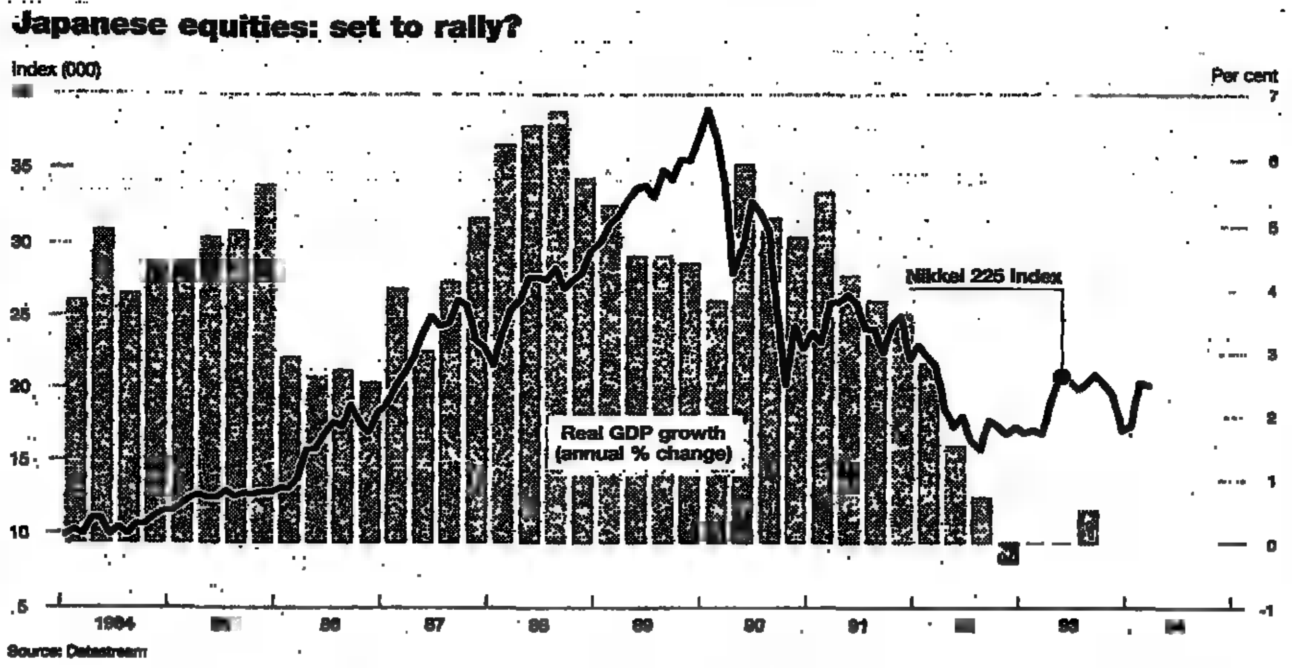
[illegible] analysts suggest [illegible] half-point increase in Fed funds would dramatically underscore the central [illegible] inflation fighting credentials [illegible] end the Chinese water torture of slowly rising [illegible]. The danger here is that it could spook the markets into thinking [illegible] the Fed [illegible] inflation as far more serious a [illegible] than [illegible] really is.

[illegible] middle [illegible] be to accompany a 25 [illegible] point increase in Fed [illegible] with a [illegible] in the psychologically important discount [illegible] – the [illegible] charges [illegible] for [illegible] – [illegible].

[illegible] path [illegible] chosen, [illegible] a [illegible] that a [illegible] in [illegible] will [illegible] accompanied by [illegible] in [illegible] prime [illegible] ing [illegible].

[illegible] Guaranty, [illegible] the largest banks [illegible] keeping [illegible] prime [illegible] below 6 per cent, moved it up in line with [illegible] market, possibly anticipating a further upward [illegible].

Still, if Mr Greenspan plays his [illegible] carefully it [illegible] possible [illegible] a [illegible] tightening [illegible] could improve [illegible] of [illegible] market, rather than prompting [illegible] further [illegible] which many analysts fear. [illegible] a quarter point [illegible] Fed funds is already well [illegible] tored in [illegible] bond [illegible] and last [illegible] the market [illegible] ing, [illegible] Mr Greenspan's summons to the White [illegible] uncertainty over [illegible] Fed's intentions [illegible] the [illegible], a [illegible] which [illegible] looking oversold might just rally.



■ Japanese equities

[illegible] it [illegible] substantially [illegible] portfolio weightings in the Japanese equity market? [illegible] all, [illegible] the past [illegible] two prominent London analysts have redoubled their [illegible].

Mr Nick Knight, [illegible] Nomura, argues that the Nikkei index, which [illegible] in a trading range just [illegible] 20,000 [illegible] for a rapid move to [illegible] with an [illegible] reaching 28,000.

"The bull story," [illegible] says, "is [illegible] simple and [illegible] difficult to refute – economic recovery, with [illegible] explosion due to corporate restructuring with [illegible] inflation, low interest rates and high liquidity, all in a cycle [illegible] is [illegible] behind the US."

Mr Michael Howell, global [illegible] at [illegible] Securities, who focuses on flow of funds rather than traditional valuation criteria, [illegible] Japan [illegible] his list of [illegible] markets.

Liquidity is rising, helped by Central Bank intervention, while Japanese investors, with their lowest [illegible] to stocks in 13 years, have Y7 trillion in cash, banks and money market *funds, which* [illegible] *ultimately* likely [illegible] return [illegible] equities.

Japan is certainly showing the [illegible] signs [illegible] light [illegible] end of [illegible] recessionary tunnel, with a report from [illegible] Bank of Japan [illegible] Friday suggesting that the economy appeared to [illegible] weakening.

The general expectation [illegible] for a [illegible] upturn, with [illegible] sticking [illegible] capital investment programmes and [illegible] slowly strengthening their balance sheets, weighed down with non-performing loans.

With only a [illegible] fillip [illegible] personal consumption later in [illegible] from [illegible] June income [illegible] cuts, [illegible] growth for [illegible] only just be positive.

Certainly, [illegible] fact that Japan [illegible] recovery [illegible] has [illegible] potential [illegible] offer substantially greater capital gains than [illegible] US [illegible] next few [illegible], justifying some portfolio [illegible] ing. But with [illegible] earnings still rising sharply, [illegible] great a move could [illegible] missing out on a final North [illegible] bull run.

The greatest risk in Japan is another sharp rise in the value of the yen to the dollar, which could squeeze off the incipient recovery.

The continuing [illegible] friction between Washington and Tokyo [illegible] the danger of the US talking up the yen is [illegible] to [illegible].

Japanese [illegible] over the [illegible] few weeks – including Friday's announcement of a sharp jump in [illegible] imports – have taken a little heat out of [illegible] issue. But it may boil up [illegible] if the Clinton administration finds inadequate [illegible] unilateral market-opening initiatives which Tokyo is promising [illegible] produce shortly.

Even so, it is hard to see the [illegible] appreciating [illegible] greater than Y100 to the dollar, and it [illegible] Y115 [illegible] in [illegible] back of [illegible] recovery [illegible] a falling [illegible] surplus.

■ The Oscars

The big question facing Tinseltown is how many [illegible] will pick up for the much-acclaimed [illegible].

The [illegible] will give a [illegible] needed fillip [illegible] Universal Studios and [illegible] parent MCA, owned by Japan's Matsushita Group, which were responsible not only for Schindler's List but for Spielberg's [illegible] bigger [illegible] last year, Jurassic Park.

But [illegible] not a particularly good guide [illegible] film industry investment stocks. Warner Brothers, the studio owned by [illegible] Warner, may [illegible] feature prominently in [illegible] Oscars, but it [illegible] been [illegible] the US [illegible] league [illegible] the [illegible] years, thanks in [illegible] small measure [illegible] steady, long-time management [illegible].

Time Warner stock has been weak recently [illegible] its cable television arm has [illegible] by government-mandated [illegible] reductions. But, with the [illegible] age looming, [illegible] shares look cheap, and have the [illegible] of a potential bid stock, [illegible] Seagram drinks group has built up a 13 per cent [illegible].

Total return in local currency to 17/3/94

	US	Japan	Germany	France	Italy	UK
	% change over period					
Cash						
Week	0.06	0.04	0.12	0.12	0.15	0.09
Month	0.29	0.19	0.51	0.54	0.71	[illegible]
Year	3.50	3.06	6.63	8.75	10.69	[illegible]
[illegible]						
Week	0.22	0.16	0.59	[illegible]	0.39	[illegible]
Month	-1.41	-1.79	-0.50	-0.43	[illegible]	-1.53
Year	3.39	[illegible]	[illegible]	11.73	[illegible]	7.07
Bonds 7-10 [illegible]						
Week	0.67	0.33	[illegible]	0.49	1.06	-1.13
Month	[illegible]	-3.45	-1.49	-1.58	-2.25	-3.40
[illegible]	4.03	5.25	[illegible]	[illegible]	27.76	[illegible]
Equities						
Week	[illegible]	1.9	0.4	1.4	1.5	-0.2
Month	[illegible]	[illegible]	0.7	-2.0	-2.5	-5.1
Year	7.3	[illegible]	26.9	21.5	[illegible]	16.1

Best performing stocks from FT-A World Indices in local currency to 17/3/94

	Close	Week	Month	[illegible]
	% [illegible]			
Kemper Corp. (USA)	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Corp.(Can)	2.15	24.3	-6.9	13.2
[illegible]	1685.00	21.6	23.6	[illegible]
Highveld Steel (S.A.)	24.00	20.0	33.3	114.3
Union y Fenix (Spa)	1600.00	19.2	-3.0	-51.6
Victor Co of Japan	1560.00	18.6	56.1	81.7
US [illegible] (USA)	16.88	17.4	27.4	[illegible]
[illegible] Corp. [illegible]	64.25	17.1	64.7	[illegible]
[illegible] (Jap)	[illegible]	16.7	[illegible]	[illegible]
Louisiana Land (USA)	[illegible]	16.1	5.4	[illegible]

Source: Cash & Bonds - Lehman Brothers. Equities - © NatWest Securities. The FT-Actuaries World Indices are jointly owned by The Financial Times Limited, Goldman Sachs & Co., and NatWest Securities Limited.

Economic Eye / **David Walton**

Conundrum of assessing inflation credibility

Following the examples [illegible] by New Zealand and Canada, the UK and Sweden have both adopted explicit inflation targets. While such an objective can [illegible] helpful in establishing a coherent framework [illegible] monetary policy, [illegible] guarantee that [illegible] target will be [illegible] to [illegible].

A key [illegible] a phenomenon known [illegible] "time inconsistency". In [illegible] governments [illegible] say [illegible] thing, but find that it [illegible] their interest [illegible] something [illegible].

Suppose, for example, the government stated that [illegible] objective [illegible] inflation [illegible] that initially [illegible] was believed by [illegible] bargainers. Wage settlements [illegible] then be struck [illegible] price inflation. [illegible] would it [illegible] optimal [illegible] the government [illegible] deliver [illegible] certainly not. If, instead, the government engineered a little bit [illegible] inflation, companies would find that prices [illegible] increasing [illegible] than costs, making it attractive [illegible] on [illegible] workers.

[illegible] government's perspective, for [illegible] price [illegible] a small increase in inflation unemployment would have [illegible] lowered.

This [illegible] not [illegible] the story. The fall in unemployment would [illegible] the government [illegible] managed [illegible] "trick" workers into believing that it would deliver zero inflation, thereby forcing them [illegible] accept a cut in real wages. [illegible] would be unlikely [illegible] fall [illegible] that again.

[illegible] "time consistent" policy [illegible] one where inflation is at a level where [illegible] "cheating" by the government exactly outweighs the benefits. This may coincide with the government's official target, [illegible] it could easily not. Crucially, it [illegible] of inflation that will get built into wage settlements over [illegible] longer term.

[illegible] a situation may [illegible] developing in the UK. The Governor of [illegible] Bank of England continually *stresses his* commitment to reducing inflation [illegible] lower half of [illegible] 1 [illegible] 4 per cent target range. Yet no government in [illegible] last 30 years has ever achieved this. If, instead, people come [illegible] believe that the authorities would [illegible] content with inflation simply within [illegible] target range, then it could prove impossible ever [illegible] lower inflation substantially below 3 to 4 per cent without a further [illegible] and damaging recession.

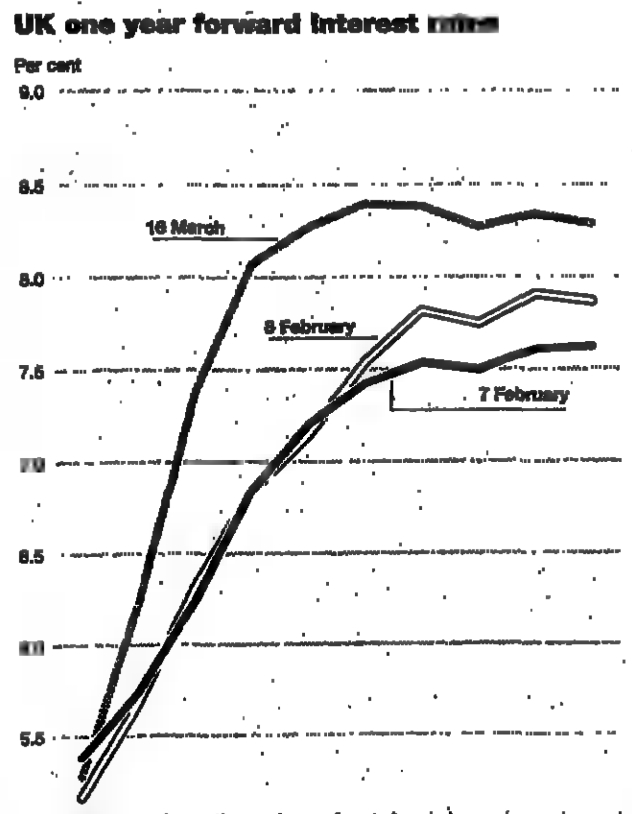
A further [illegible] the difficulty [illegible] forecasting inflation. Inflation responds with long [illegible] variable [illegible] monetary policy changes. *This* [illegible] UK authorities are obliged [illegible] with a view to securing underlying inflation within its [illegible] range in [illegible] or two years' time.

To achieve this they need [illegible] be confident in [illegible] ability to forecast inflation developments. Yet [illegible] government's [illegible] record in delivering consistently [illegible] inflation in recent years clearly calls this into question.

One promising approach [illegible] the authorities to pursue [illegible] to take greater [illegible] the expectations of inflation contained in [illegible]. Market expectations should embody all [illegible] information on inflation and these expectations provide [illegible] immediate guide to the credibility of the government's [illegible] inflation target.

This information [illegible] captured [illegible] a large [illegible] in [illegible] yield curve. The standard yield curve [illegible] the [illegible] interest rate expected [illegible] the period [illegible] *maturity* [illegible] *bonds* outstanding. It is [illegible] useful to turn the yield curve around to derive implied forward [illegible]. Thus, for instance, [illegible] yield on a two-year bond can [illegible] re-expressed as the yield on a one-year bond together with the yield expected on another one year bond in one year's time, along with any risk premium [illegible] investors may require in case their expectations are [illegible] fulfilled.

If we [illegible] that [illegible] risk premium is small, then [illegible] forward curve will show the time path of short-term [illegible] expected by the market. Furthermore, changes in the shape and level [illegible] the forward rate curve will carry important information about changes in market expectations for [illegible] path [illegible] and inflation.



Developments in the UK forward [illegible] curve [illegible] past six [illegible] shown in the accompanying graph. Prior to the base rate cut on February [illegible], market expectations were for [illegible] to rise gradually [illegible], settling [illegible] eventually at [illegible] 7.5 [illegible] cent. Following [illegible] cut, short-term [illegible] obviously fell, [illegible] the [illegible] lower [illegible] are not expected [illegible] beyond one [illegible]. [illegible] years, [illegible] are actually higher *than they were prior* [illegible] the [illegible] cut.

This shift in [illegible] can [illegible] interpreted directly [illegible] a worsening in long-term inflation expectations. In other words, [illegible] was [illegible] by UK financial [illegible] damaging the credibility [illegible] government's inflation target.

[illegible] then there has been a further upward revision [illegible] expectations. Compared with the situation prevailing in early February, [illegible] are [illegible] expected [illegible] 1 per [illegible] higher from 1997 onwards, with [illegible] expected [illegible] eventually at [illegible] to 8.6 [illegible]. The bulk [illegible] the deterioration would seem [illegible] a further [illegible] ening in inflation expectations.

Real yields on index-linked [illegible] are running [illegible] just under [illegible] per cent [illegible] maturities beyond five [illegible]. Even if we allow for an [illegible] risk premium on *conventional gilts* relative [illegible] index-linked gilts, it would now seem that the market no longer [illegible] that the government's inflation target will [illegible] achieved over [illegible] longer-term.

This is a marked turnround [illegible] situation prevailing [illegible] the time of the Bank of England's last inflation report and should be of concern to the authorities. [illegible] UK government is serious about reducing inflation [illegible] the [illegible] half of [illegible] range, [illegible] may soon [illegible] to think seriously about [illegible] possibility [illegible] raising interest [illegible] to bolster its anti-inflation credibility.

David Walton [illegible] senior international economist with Goldman Sachs.

WORLD BOND MARKETS: This Week

NEW YORK
Martin Dickson

The [illegible] bond markets will be dominated [illegible] by tomorrow's meeting of the Federal Reserve Bank's policy-making Open [illegible] Committee, amid widespread speculation it will sanction a further tightening of US monetary policy.

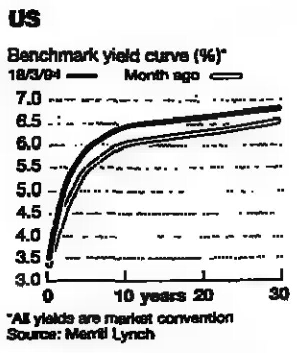
Market analysts are [illegible] for the Fed Funds rate to rise from [illegible] current [illegible] per [illegible] per cent [illegible] the [illegible] few weeks, possibly as early as the next few days, as the Fed tries to rein back the rapid rate of US economic expansion.

The market will [illegible] hurdles [illegible] during the week, as [illegible] two substantial auctions of Government [illegible] $17bn of two-year Treasury notes [illegible] Tuesday [illegible] an $11bn [illegible] five-year notes the next day.

Wednesday will [illegible] the publication of [illegible] goods *orders for February.* Stripping out [illegible] transport equipment, which tend to [illegible] market is expecting orders to rise for the eighth [illegible] month, with analysts' [illegible] ranging from 1 to [illegible] per [illegible]

Friday will bring figures for existing home [illegible] for February, which are expected to [illegible] a sharp rebound during the month.

Thursday could [illegible] bring further [illegible] *over the Whitewater political* affair, concerning President and Mrs Clinton's [illegible] in a [illegible] land development scheme.



*All yields are market convention
Source: Merrill Lynch

LONDON
Philip Coggan

The gilt market faces a new *week in* [illegible] *fragile* [illegible] another volatile trading [illegible] on Friday.

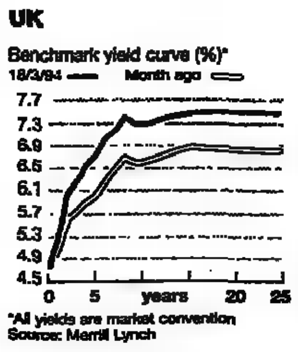
[illegible] time now, the market has been unable [illegible] focus on what, by and large, have been favourable UK economic fundamentals. [illegible] gilts [illegible] caught up in weakness of the international [illegible] markets.

Last [illegible] were on balance positive, with a lower than expected public sector borrowing requirement and weak producer prices figures offsetting [illegible] upturn in [illegible] earnings.

The announcement of [illegible] March 30 gilt auction, the [illegible] floating-rate note [illegible] for some time, was generally seen [illegible] positive, [illegible] it may [illegible] a new appetite for gilts among banks and building [illegible]

The main [illegible] figure this week will be the inflation numbers for February, published on Wednesday. The [illegible] consensus [illegible] headline rate will drop from January's [illegible] per [illegible] to [illegible] per cent while the underlying rate (excluding mortgage payments) will fall from [illegible] per [illegible] to [illegible] per [illegible]

A weak RPI number may allow [illegible] authorities to [illegible] a further 0.25 per cent cut in [illegible] However, they could easily [illegible] until after the next meeting [illegible] the [illegible] the [illegible] England and the Chancellor, on [illegible] before making their move.



*All yields are market convention
Source: Merrill Lynch

FRANKFURT
David [illegible]

The six-point cut in the *securities repurchase* agreement or [illegible] rate to 5.88 per [illegible] last [illegible] signalled the Bundesbank's willingness to maintain [illegible] slow [illegible] of monetary policy.

This was not enough, however, [illegible] temper the market's disappointment [illegible] the reluctance of the central bank to cut either [illegible] Lombard or the discount [illegible] last Thursday.

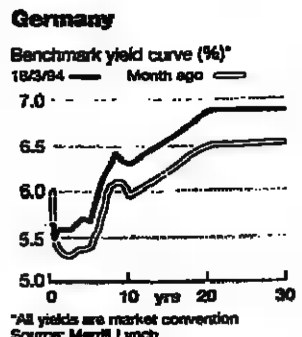
This week, the prevailing unhappy mood on the bund market is unlikely to be reversed by preliminary [illegible] on inflation for [illegible]

This [illegible] likely [illegible] from [illegible] of [illegible] per cent in February, showing progress towards the [illegible] point something [illegible] bank is expecting by the end of [illegible]

But [illegible] M3 money supply growth seemingly out of control, the Bundesbank [illegible] generously even if [illegible] to.

A further reminder of M3 distortions will [illegible] this [illegible] with the figure for February. Following [illegible] 20 [illegible] cent-plus [illegible] for the seasonally adjusted, annualised January figure, M3 growth in February [illegible] likely [illegible] be [illegible] 16 per cent.

[illegible] if this [illegible] be explained [illegible] by special factors, such a figure is still highly embarrassing [illegible] relation to the Bundesbank's M3 [illegible] of 4 [illegible] per [illegible] 1994.



*All yields are market convention
Source: Merrill Lynch

TOKYO
Emiko Terazono

Expectations of a further improvement in the economy and worries over extra supply will continue [illegible] weigh on the Japanese government bond market.

The market is closed today for [illegible] national holiday, but [illegible] are focusing [illegible] the spate [illegible] important [illegible] figures to be announced later in the [illegible]

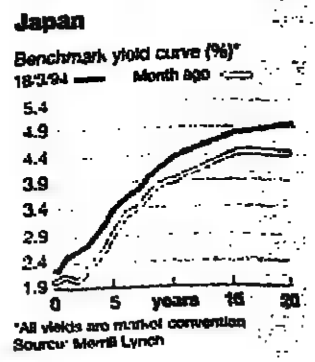
[illegible] production figures for the fourth quarter of last year are expected to confirm weakness in the economy at the end of last [illegible] Market participants are expecting annualised negative growth of around 3.4 per cent.

Leading [illegible] of business sentiment are expected to rise to a four-month high, while household consumption for January [illegible] also projected to [illegible] pick-up in spending by households, which [illegible] now tired [illegible] scrimping [illegible] saving.

Such [illegible] expected to prompt a further shift in the perception of the economy, and prevent a rise on the [illegible] market[illegible]

The Bank of Japan, however, is poised to continue [illegible] allow short-term money market rates [illegible] remain at low levels due to the high level of [illegible]and for funds ahead of the [illegible] year-end.

Investors are also expected [illegible] remain cautious ahead of [illegible] increase in bond [illegible]suance by municipal governments starting next month.



*All yields are market convention
Source: Merrill Lynch

Capital & Credit / Tracy Corrigan

Decoupling from US yet to take place

The latest sell-off in [illegible] world's bond markets [illegible] the [illegible] of [illegible] week showed plainly that a definitive "decoupling" of European [illegible] from [illegible] yet [illegible] place.

The sharpest [illegible] in European [illegible] came [illegible] Friday [illegible] prices tumbled on [illegible] Mr [illegible] Greenspan, the Federal [illegible] chairman, [illegible] been summoned [illegible] White [illegible] by President Bill Clinton.

But European bond markets [illegible] vulnerable [illegible] panic [illegible] inter-[illegible] The [illegible]nomic [illegible] point to further [illegible] in Europe – but the lesson of the last two months has been that economic [illegible] enough [illegible] drive [illegible]

"[illegible] spent most [illegible] the week pushing the market up gently, [illegible] it was another classic Thursday [illegible] Friday, with [illegible] (from the German Bundesbank) and [illegible] rate uncertainty in the [illegible] worrying thing is that there is just nothing on the [illegible] to [illegible] any buyers back [illegible] the market," said the [illegible] of trading [illegible]

There [illegible] on the [illegible] hand, plenty of things [illegible] worry about, [illegible] the market [illegible] churning [illegible] – [illegible] Mr Greenspan plans [illegible] resign; [illegible] several large gilt market-makers [illegible] unloading large loss-making positions; [illegible] Japanese fund [illegible] are poised [illegible] dump bonds and buy *equities when they return* [illegible] the market [illegible] the start of their [illegible] financial [illegible] in April.

The short-term outlook [illegible] the US seems to be for more pain, [illegible] many [illegible] now hoping [illegible] Fed will [illegible] by half a point this week, [illegible] prolong [illegible] agony [illegible] small, [illegible] point [illegible] In fact, many dealers are now cursing the Fed's failure to act more firmly first time round.

"The Fed is now in a no-win situation: if [illegible] tighten [illegible] Tuesday, people will think [illegible] administration is running monetary policy and that there will be a tendency to keep rates low, allowing inflation to rise. And if they hike by ¼ point, people will say the Fed's move has been moder[illegible] by the administration," said Mr Keith [illegible] analyst [illegible] IBJ International.

Mr Jouni Kokko, international economist at S.G Warburg [illegible] people would prefer [illegible] bigger [illegible] hike: "That would mean 'that's it for [illegible] time being' and would calm inflationary [illegible]"

European monetary authorities also find themselves in rather a [illegible] *spot.* "Everyone thought that dollar [illegible] eventually help, giving more [illegible] lower [illegible] in Europe whatever happens in [illegible] US, but [illegible] happened."

European markets are also becoming weighed [illegible] by supply worries, [illegible] says, describing [illegible] French BTAN (short-dated government [illegible] disappointing.

[illegible] market, which has, [illegible] partially decoupled [illegible] the [illegible] to outperform [illegible] markets, [illegible] weakness at the long end.

Mr Kokko expects [illegible] "fairly big repo cut of five to 10 basis points" this [illegible] The previous [illegible] was [illegible] at [illegible] but [illegible] rate has fallen to 5.75 per cent.

The gilts market, meanwhile, [illegible] fared particularly poorly, [illegible] market [illegible] closely linked to the US – perhaps logically, since the UK is ahead [illegible] continental Europe, [illegible] therefore [illegible] to [illegible] the US in raising interest rates.

The yield spread between 10-year *gilts* [illegible] has [illegible] doubled, [illegible] basis points a month ago to 114 basis points late Friday.

However, selling is still [illegible]centrated in the futures rather than cash markets.

Dealers said that some inves[illegible] sold futures [illegible] hedge cash positions several weeks ago had returned to the market to buy back their short position too early, and the market weakness at the end of last [illegible] further [illegible] selling.

"Conventional fund manag[illegible] are reducing [illegible] over[illegible] in [illegible] [market] strength," [illegible] Mr Paul Abberley, head of fixed income [illegible] Lombard [illegible] fund [illegible]ment [illegible] "We [illegible] that would [illegible] problem [illegible] the [illegible] up, but it [illegible] happened [illegible] quickly."

Fund [illegible] are also shortening the duration [illegible] holdings, [illegible] the [illegible] of [illegible] market [illegible] generally [illegible] safer, and likely [illegible] from [illegible] when they [illegible]

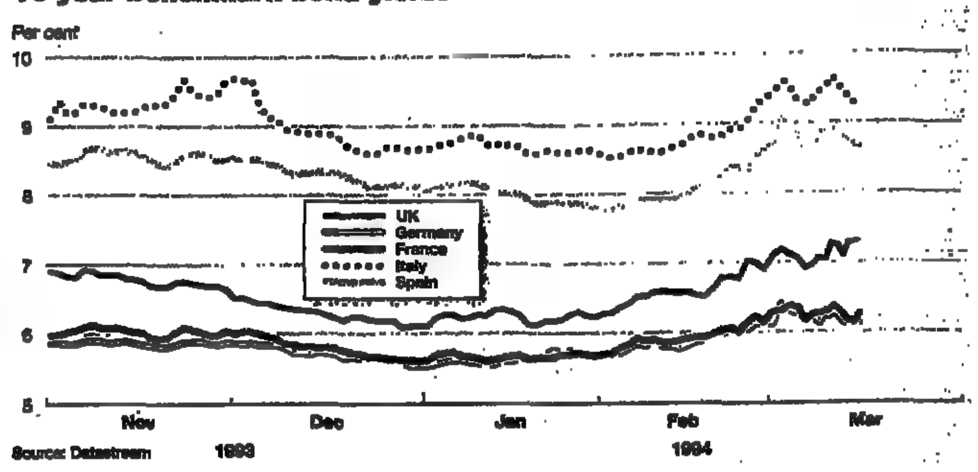
"We have done a [illegible] *shortening using structured* medium-term [illegible] with [illegible] swaps," [illegible] Mr Abberley. [illegible] have [illegible] redemption value based on one-year German, French [illegible] Italian [illegible]

"We still like [illegible] 10-year [illegible] the market but, risk-adjusted, [illegible] short and [illegible] better," Mr Abberley said.

While [illegible] rate [illegible] would undoubtedly help [illegible] the market moving again, many fund managers now feel that they [illegible] to [illegible] portfolios, shifting [illegible]

"Lots of fund managers are going into [illegible] quarterly meetings and deciding that, at least for the moment, cash is king again," said one trader.

10 year benchmark bond yields



Source: Datastream

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	3.00	1.75	5.25	7.00[1]	8.00	5.25[2]
Overnight	3.19	2.18	5.75	6.12	8.12	4.78
Three month	3.57	2.27	5.69	6.10	8.13	5.12
One year	4.33	2.45	5.43	5.81	8.18	5.25
Five year	5.94	3.21	5.63	5.89	9.30	6.78
Ten year	6.47	4.02	6.38	6.38	9.55	7.37

(1) France-Repo rate. (2) UK-Base rate. Source: Reuters.

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	[illegible]	Change	High	Low	Est. vol.	Open int.
Mar	110-19	[illegible]	-1-02	110-24	109-19	15,269	35,654
Jun	109-20	108-22	-1-00	109-25	[illegible]	[illegible]	374,418
Sep	108-23	107-25	-0-30	108-27	107-24	1,848	39,985

UK GILTS PRICES

Notes	Price £	[illegible] % +/-	Amnt £m	Interest due	Last xd	City line
Shorts" (Lives up to Five Years)						
Exch 13¼pc 1994	100⅞	-2	1,100	Ap27 Oc27	20.9	1267
Treas. 10pc Ln. 1994‡‡	101⅛	-2	1,900	Ja9 De9	2.11	1284
Exch 12¼pc 1994	103⅛	-2	1,240	Fe22 Au22	17.1	1263
Treas 9pc 1994‡‡	102⅞	-1	1,900	My17 Nv17	11.10	1345
12pc 1995	105¼	-1	2,350	Ja25 Jy25	20.12	1294
Exch 3pc Gas 90-95	97½	—	214	My1 Nv1	27.9	1271
10¼pc 1995	106½	-1	2,800	Ja21 Jy21	18.12	1254
Treas 12¾pc 1995‡‡	111½	-2	840	My15 Nv15	11.10	1298
14pc 1996	114½	-2	770	Ja22 Jy22	16.12	1308
15¼pc 1996‡‡	118¾	-3	1,150	My3 Nv3	[illegible]	[illegible]
Exch 13¼pc 1996‡‡	114½	-3	800	My15 Nv15	11.10	1268
Conversion 10pc 1996	108¾	-3	3,409	[illegible]	11.10	1240
Treas 13¼pc 1997‡‡	117½	-3	1,290	Ja2[illegible]	18.12	1302
Exch 10½pc 1997	111	-3	3,700	Fe[illegible]	17.1	1293
Treas 8¾pc 1997‡‡	107	-4	8,850	M[illegible]	24.1	1341
Exch 15pc 1997	128⅝	-4	830	Ap[illegible]	20.9	1289
9¾pc 1998	110¼	-5	3,650	Ja19 Jy19	13.12	1273
Treas 7¼pc 1998‡‡	102⅛xd	-4	7,650	Mr30 Se30	21.2	-
Treas 6¾pc 1995-98‡‡	101½	-3	1,200	My1 Nv1	27.9	1331
14pc '98-1	125¼	-4	970	My22 Nv22	18.10	1306
Treas 15½pc '98‡‡	133⅛xd	-5	935	Mr30 Se30	21.2	1308
Exch 12pc 1998	119½	-8	3,908	My20 Nv20	14.10	[illegible]
Treas 9½pc 1999‡‡	110½	-6	1,900	Ja15 Jy15	[illegible]	[illegible]
Five to Fifteen Years						
Exch 12¼pc 1999	121⅛xd	-6	3,050	Mr26 Se26	17.2	1284
Treas 10½pc 1999	114½	-6	1,252	My19 Nv19	13.10	1286
Treas 6pc 1999‡‡	[illegible]	-6	3,900	Fe10 Au10	4.1	-
Conversion 10¼pc 1999	114½	-6	1,798	My22 Nv22	18.10	1242
9pc 2000‡‡	109¼	-9	5,358	Mr3 Se3	28.1	1244
Treas 13pc 2000	[illegible]	-1.0	3,171	Ja14 Jy14	8.12	1299
10pc 2001	113½	-1.0	4,406	Fe26 Au26	20.1	1280
7pc '01‡‡	99⅝	-1.0	3,250	My6 Nv6	-	-
7pc '01 A	98½	-1.9	2,500	My6 Nv6	-	-
9¾pc 2002	114⅝	-8	6,527	Fe27 Au27	21.1	1349
8pc 2003‡‡	104⅛	-8	7,800	Ja10 De[illegible]	3.11	-
10pc 2003	116½	-8	2,503	[illegible]	31.1	[illegible]
Treas 11½pc 2001-4	121[illegible]	-9	1,620	[illegible]	10.2	1280

Notes	Price £	Wk % +/-	Amnt £m	Interest due	Last xd	[illegible]
Funding 3½pc '99-4	77⅛	-1.0	543	Ja14 Jy14	[illegible]	[illegible]
Conversion 9½pc 2004	114½	-8	3,412	[illegible]	20.9	1246
Treas 6¾pc 2004‡‡	95⅝	-9	3,250	My26 Nv26	-	-
6¾pc 2004 A	95⅝	-8	3,000	My26 Nv26	-	-
Conv 9½pc 2005	114½xd	-7	4,842	Ap18 Oc18	[illegible]	[illegible]
Treas 12½pc 2003-5	131½	-8	2,200	My21 Nv21	18.10	1295
7¾pc 2006‡‡	102⅛	-1.0	[illegible]	Mr8 Se8	31.1	-
8pc 2002-6‡‡	102⅛xd	-1.4	[illegible]	[illegible]	[illegible]	[illegible]
Treas 11¾pc 2003-7	[illegible]	-9	3,150	Ja22 Jy22	[illegible]	[illegible]
Treas 8½pc 2007‡‡	107¼	-1.9	8,487	Ja16 Jy16	[illegible]	[illegible]
13½pc '04-8	130½xd	-8	1,250	Mr26 Se26	17.2	1301
Treas 9pc 2008‡‡	112½xd	-1.4	8,321	Ap13 Oc13	[illegible]	[illegible]
Over Fifteen Years						
Treas 8pc 2009	103⅞xd	-1.6	3,100	Mr25 Se25	15.2	1339
Treas 6 1/4pc 2010	[illegible]	[illegible]	[illegible]	-	-	-
Conv 9pc Ln 2011‡‡	113½	-1.6	4,273	Ja12 Jy12	8.12	1245
Treas 9pc 2012‡‡	113¾	-1.6	5,150	Fe6 Au6	31.12	1701
Treas 5½pc 2008-12‡‡	[illegible]	[illegible]	1,000	Mr10 Se10	1.2	1330
Treas 8pc 2013‡‡	[illegible]	-1.6	4,950	Mr27 Se27	[illegible]	-
7¾pc 2012-15‡‡	[illegible]	-2.2	800	Ja26 Jy26	[illegible]	1332
Treas 8¾pc 2017‡‡	112⅜	-1.8	6,950	Fe25 Au25	19.1	1982
Exch 12pc '13-'17	142⅛	-1.6	1,000	Ja12 De12	5.11	1260
Undated						
Consols 4pc	50⅜	-3.4	[illegible]	Fe1 Au1	29.12	1239
War Loan 3½pc‡‡	45½	-3.0	[illegible]	Ja1 De1	[illegible]	[illegible]
Conv 3½pc '61 Aft.	61¼xd	-2.5	119	Ap1 Oc1	23.2	1243
Treas 3pc '66 Aft.	37½xd	-3.0	55	Ap5 Oc5	1.3	1324
Consols 2½pc	[illegible]	-2.8	275	5JaApJyOc	[illegible]	[illegible]
Treas. 2½pc	31½xd	-3.2	475	Ap1 Oc1	21.2	[illegible]

[illegible]	Price £	[illegible] +/-	Amnt £m	Interest due	Last xd	[illegible]
Index-Linked (b)						
Treas. 2pc '94 (102.6)	137½	0.1	800	My16 Nv16	11.10	5070
2pc '96 (67.9)	200⅞	-2	1,200	Mr16 Se16	[illegible]	[illegible]
4⅝pc '98‡‡ (135.6)	109½	-3	800	Ap27 Oc27	20.9	-
2½pc '01 (78.3)	170⅞xd	—	[illegible]	Mr24 [illegible]	15.2	1316
2½pc '03 (78.8)	166½	-1	1,050	My20 Nv20	14.10	1317
4⅜pc '04‡‡ (135.6)	113⅛xd	0.1	850	Ap21 Oc21	14.9	-
2pc '06 ([illegible])	175⅛	-4	1,850	[illegible]	13.12	[illegible]
2½pc '09 (78.8)	[illegible]	-4	1,550	My20 Nv20	14.10	[illegible]
2½pc '11 (74.6)	[illegible]	-6	1,000	[illegible]	17.1	[illegible]
2½pc '13 ([illegible])	[illegible]	-5	2,300	Fe16 Au16	10.1	[illegible]
2½pc '16 (81.6)	144½	-6	2,400	Ja26 Jy26	[illegible]	[illegible]
2½pc '[illegible]	139⅞xd	-7	2,400	Ap16 Oc16	10.3	1322
2½pc '24‡‡ (97.7)	[illegible]	-6	1,900	Ja17 Jy17	13.12	1323
4⅛pc '30‡‡ (135.1)	116¼	-7	[illegible]	[illegible] Jy22	16.12	-

(b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1993: 141.0 and for January 1994: 141.3.

Other Fixed Interest

African Dev 11¼ 2010	130⅛	—	50	[illegible] Jy4	1.12	-
Asian Dev 10¼pc [illegible]	122½	—	100	[illegible] Se24	28.9	-
B'ham 11½pc 2012	130	-1.9	45	My15 Nv15	[illegible]	[illegible]
Ireland Cap 8½pc '10	108½	-2.0	303	Ap1 Oc1	-	[illegible]
9pc C[illegible]	101½	—	725	Ja30 Jy30	-	-
13pc [illegible]	111½	-7	315	Ap1 Oc1	28.8	1429
Hydro Quebec 15pc 2011	155½	—	40	My31 Nv30	[illegible]	-
[illegible] 13½pc 2006	140¼	-1.4	40	Ap1 Oc1	[illegible]	[illegible]
[illegible] Irred.	40½	-2.4	5	1[illegible]	[illegible]	[illegible]
LCC 3pc '20 Aft.	[illegible]	-2.7	[illegible]	1MrJeSeDe	1.8	-
Manchester 11½pc 2007	[illegible]	-1.8	[illegible]	Ap25 Oc25	30.3	3276
Met. Wtr. 3pc 'B'	72½	-1.4	25	Mr1 Se1	[illegible]	[illegible]
N'wide Anglia 3⅞pc 2021	141	-1.1	60	Ja30 Jy30	1[illegible]	[illegible]
4⅝pc IL 2024	136	-8	80	-	20.7	-
Utd Mex States 16½pc 2008	148	-1.5	60	Mr1 Se1	27.8	-

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds. Weekly percentage changes are calculated on a Friday to Friday basis.

International / Sara Webb

Investors bank on decisive Italian poll

When Italy's voters go to the polls on March 27 and 28, they will have a vast array of par[illegible] – on the right, left and centre – from which to choose and [illegible] new electoral system to try out, consisting of a mixture of first past the post and proportional representation.

For the Italian government bond market, however, the pri*mary concern is whether a sta*ble government can be formed.

Bond market investors want [illegible] a government [illegible] working majority, and which has [illegible] commitment [illegible] tackling [illegible] budget deficit, keeping inflation under control, and pushing [illegible] with [illegible] privatisation programme.

Economists point out that on paper, at least, the economic fundamentals and background to the Italian government bond market look good.

Italy was one of the best performing government bond markets in local currency terms last year and investors piled in for the high yields and scope for capital gains as interest rates declined.

However, as with most [illegible] the [illegible] European government bond markets, 1994 [illegible] so [illegible] Italy has witnessed a sharp back-up in yields – from [illegible] on 10-year [illegible] in early February 1994 [illegible] per [illegible] in early March.

This [illegible] the general unease over US inflationary prospects, heavy selling by big [illegible] such as the [illegible] funds, irritation [illegible] the slow [illegible] easing by [illegible] Bundesbank, and political uncertainty [illegible] home.

Yet, as Mr Julian Jessop, international economist [illegible] Midland [illegible] points out, [illegible] remains well under control with [illegible] in January and February.

"The fall in inflation [illegible] 1990 [illegible] undoubtedly been [illegible] by the [illegible] labour [illegible] of the past two years should mean that inflation stays low despite economic recovery," he [illegible] forecasting an average inflation rate of 3.7 per cent in 1994 and 3.1 per cent in 1995.

[illegible] budget deficit, Mr [illegible] Pianelli, southern European economist [illegible] Nomura [illegible] Institute Europe, [illegible] financing [illegible] this should [illegible] well [illegible] the L144,200bn target, even in [illegible] supplementary [illegible]"

Mr Jessop points [illegible] on the debt front, Italy is expected [illegible] over-fund in [illegible] by [illegible] in order [illegible] into [illegible] the big jump in [illegible] redemptions, from L78,000bn in [illegible] L178,000bn in [illegible] this implies net [illegible] in 1994 [illegible] around L175,000bn which he [illegible] should [illegible] manageable.

Meanwhile, [illegible] privatisation programme [illegible] expected to gen[illegible] which will be used [illegible]

There [illegible] that some [illegible] proceeds could be [illegible] to [illegible] the [illegible] holding companies rather than used to pay [illegible] debt, but even [illegible] Mr Jouni Kokko, European [illegible] at S.G. Warburg Securities, [illegible] *privatisation proceeds* "should make [illegible] significant [illegible] off [illegible] rather than fund current expenditure".

As inflation [illegible] down, and [illegible] the [illegible] continues to cut interest rates (albeit at a snail's pace over recent months) there should be scope for the Bank of Italy to lower its key discount rate, and for the bond market to rally.

Mr Kokko is forecasting a 10-year yield spread of 230 basis points over German bunds in 12 months' time, against the recent 310 basis points.

However, the difficulty lies in predicting the short-term scenario. The uncertainty comes from whether [illegible] not a [illegible] majority [illegible] *form* after [illegible] election, with many economists admitting that they are unsure whether there will [illegible] coalition or [illegible] centre-right alliance, or a hung parliament.

"Picking the winner [illegible] Italian election . . . is [illegible] mug's game," [illegible] Mr Jessop.

"It [illegible] matter [illegible] it is, just as long as it's a [illegible] majority," says Mr Andre da Silva, bond strategist [illegible] PaineWebber.

If [illegible] coalition [illegible] quickly, the [illegible] market ought to rally strongly.

[illegible] Pianelli [illegible] points out that "the environment [illegible] very [illegible] for [illegible] bond market, so [illegible] market would fly if it [illegible] coalition", [illegible] one formed [illegible] the [illegible] PDS and [illegible] parties, or by [illegible] right wing parties [illegible]lusconi's Forza Italia, [illegible] Northern League, and [illegible] National Alliance) [illegible] centre parties.

If the [illegible] managed [illegible] form [illegible] and it kept Mr Ciampi as prime minister, the market [illegible] even happier.

However, both Mr Pianelli [illegible] Nomura and Mr [illegible] S.G. Warburg Securities believe [illegible] particular [illegible] of [illegible] easily-formed [illegible] is highly unlikely.

"None of the three big alliances is likely to get a majority, and [illegible] if they do, they will be fragile coalitions. After the election there will probably be a lot of horse-trading and it will be difficult to find a sensi*ble coalition," says Mr Kokko.*

Against such a background, [illegible] bond [illegible] is likely [illegible] remain nervous [illegible] volatile and the spread [illegible] will probably widen initially.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
Uniden Corp.(a)♦	[illegible]	Mar.1998	1.00	100.00	-	-	Nomura International
[illegible] Corp.(b)★♦	50	Mar.1998	1.25	100.00	-	-	Fuji Bank (Schweiz)
[illegible] Co.(c)♦	100	Mar.1998	1.00	100.00	-	-	Nomura International
Toa Corp.(d)♦	150	Mar.1999	1.25	100.00	-	-	Nikko Europe
Crédit Local de [illegible]	200	Apr.1999	6.25	99.738R	6.313	+28 (5½%-99)	Fuji Intl. Finance
Korea Development Bank‡	[illegible]	Apr.1999	(e)	[illegible]	-	-	[illegible] Asia
[illegible], Cayman‡	150	Mar[illegible]	(f)	100.00	-	-	Nomura Intl. (HK)
New Zealand(g)‡	1bn	Apr.[illegible]	(f)	99.78R	-	-	Morgan Stanley/ UBS
Petroleos Mexicanos‡	200	Apr.1997	(h)	100.00R	-	-	Chase Investment Bank
Petroleos Mexicanos‡	200	Apr.1997	(i)	100.00R	-	-	Swiss Bank Corp.
Hydro-Quebec‡	500	Apr.1999	(j)	99.18R	-	-	CS First Boston
IMI Finance‡	150	Apr.1999	(k)	99.80R	-	-	Merrill Lynch Intl.
Freeport Terminal[illegible](u)	205	Mar.2009	7.50§	[illegible]	7.520	+115(5⅞%-04)	Bankers Trust Intl.
Nippon Kinzoku [illegible]	100	Apr.[illegible]	(v)	100.00	-	-	Fuji Intl. Finance
European Inv'ment Bank(w)‡	100	Oct.2002	(x)	variable	-	-	Kidder Peabody Intl.
Banco CCF Brazil★	60	[illegible]	[illegible]	100.00	[illegible]	-	Socimer Intl. Bank
D-MARKS							
Ford Credit Europe	200	Mar.1999	6.00	99.35R	6.155	+50 (5¾%-98)	Merrill Lynch Bank
SGZ‡	100	Apr.2004	(o)	101.40	-	-	DG Bank
YEN							
Daiwa Intl.Finance(Cay)(q)§	50bn	Mar.1998	(q)(r)¶	100.00	-	-	Salomon Brothers Intl.
Japan Airlines Company★‡	10bn	Apr.1998	(m)	100.25	-	-	IBJ International
Mitsubishi Corp. Finance	10bn	Jun.1997	[illegible]	100.00	-	-	IBJ International
Panasonic Finance Neths.	[illegible]	Jul.1997	3.35	100.75	-	-	Merrill Lynch Intl.
FRENCH FRANCS							
Philips	1bn	Apr.2002	[illegible]	99.55R	6.950	+85 (8½%-02)	CCF
CANADIAN DOLLARS							
Bank for Dutch Municipalities	[illegible]	Apr.1997	6.50	[illegible]	6.553	+23 (t)	ABN Amro Bank
Toyota Motor Credit Corp.(b)	150	[illegible]	6.25	99.975R	[illegible]	[illegible] (t)	Wood Gundy
[illegible]	75	Dec.1997	6.50	99.55R	6.66	+27 (t)	Wood Gundy
GUILDERS							
European Investment Bank	300	Apr.2002	6.00	99.60R	6.065	+3 (r)	Rabobank Nederland
Hoogovens(y)§	275	Apr.2001	4.50	100.00	-	-	ABN Amro Bank

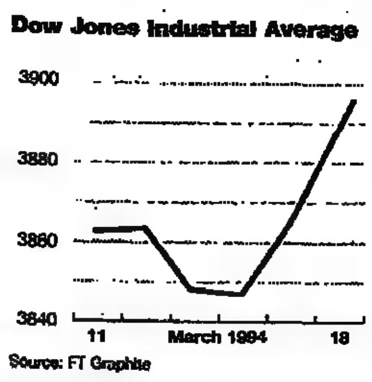
Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
ITALIAN LIRE							
Republic of [illegible]	200bn	Oct.2004	8.50	100.15	-	-	Deutsche Bank London
AUSTRALIAN DOLLARS							
BNP Pacific (Australia)	75	Apr.1997	6.50	100.875	6.246	-	Hambros Bank
ESCUDOS							
European Investment Bank‡	15bn	[illegible]	[illegible]	100.00	-	-	BPI
DRACHMAS							
World Bank	15bn	Apr.1997	15.50	100.875	15.12	-	Midland Athens
SWISS FRANCS							
Sudwestdeutsche LB Co.Mts.	100	Apr.1999	[illegible]	102.25	3.748	-	Lehman Bros.(Switz.)
G.M. Pfaff, [illegible]	85	Apr.2000	[illegible]	100.00	-	-	Bankers Trust (Switz.)
LUXEMBOURG FRANCS							
Republic of Finland	2bn	Apr.2001	6.50	101.60	[illegible]	-	Kredietbank Lux.
Groupe Bruxelles Lambert Fin.	5bn	May.2001	7.00	102.00	6.634	-	Crédit Européen

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by [illegible] manager. §Convertible. ‡Floating rate note. ♦With equity warrants. ★Private placement. ¶Semi-annual coupon and yield. R: fixed re-offer price. a) Denom: $10,000 +2 wrts. Ex price: Y718. FX: 106.50Y/$. c) Denom: $10,000 +2 wrts. Ex price: Y3782. FX: 106.95Y/$. b) Denom: $10,000 +2 wrts. Ex price: Y737. FX: 107.30Y/$. e) 6-mth Libor +0.3%. f) [illegible] Libor +1.2%. g) Exchangeable into Daiwa Bank sh[illegible] 1087. Exchange price is reviewed annually on [illegible] at 2½% over prevailing market price, within pred[illegible] bands. g1) Steps down from 2¼% to 1¼% at varying rates per 25% of nominal. h) Short 1st coupon. i) Callable on any coupon date from Apr.96 at par. j) 3-mth Libor -⅛%. k) Series one: 3-mth Libor +0.05%. Interest accrues on days 3-mth Libor is no more than 50bp higher or 25bp lower than the Libor set for the period. l) Series two: 3-mth Libor +0.85%. m) 3-mth Libor +¼%. n) 3-mth Libor flat. o) 3-mth Libor -⅛%. p) 5¼% fxd in 1st 2 yrs and 6-mth Libor flat, min 5½%, max 7¼%. Thereafter, [illegible] 3% to 27/6/96 and 3.8% thereafter. [illegible] on 27/6/96 at par. r) Over interpolated yield. [illegible] -0.275%. t) Conv price: DM244[illegible] FX: [illegible] SFr/DM. Coupon and redemption proceeds paid in DM. Callable after 1 yr, subject to 150% rule, [illegible] 108% falling ½%pa. Puttable on 14/4/98 at 117.4%. u) Sinking fund: average life 10 yrs. v) 3-mth Libor +0.275%. w) Block trade. Fungible with outstanding $500m. Plus 160 days accrued. x) 6-mth Libor -¼%: min 5%, max 8¼%. y) Conv price: Fl 75. Callable from 11/4/97 to give yield of 6.78% or at par if share price exceeds conv price for 30 consecutive days. Greenshoe: Fl 55m. Note: Yields are calculated on ISMA basis.

EQUITY MARKETS: This Week

NEW YORK
Frank McGurty

Shares set to tumble if Fed tightens



Source: FT Graphite

Is the Federal Reserve poised [illegible] lift short-term interest [illegible] for a second time in [illegible] months? Most Wall Street analysts are convinced it will do so today [illegible] soon [illegible] the Fed's policy-making [illegible] tomorrow. But rate increase or not, the perceived threat is sure to bear heavily on investor sentiment this week.

If the Fed strikes, [illegible] are [illegible] to tumble, just [illegible] on February 4, when the central bank lifted its Federal Funds [illegible] by 25 basis points to 3.25 per cent. That day, the Dow Jones Industrial index plummeted 96 points and has regained scant ground since then.

Opinions vary over just how far equities would fall [illegible] time, and how soon they would begin to rebound.

Mr [illegible] Cardillo, director of research at Westfalia Investments in New York, believes the market's rate concerns are already sufficiently priced into [illegible]. If [illegible] [illegible] to nudge [illegible] the Fed Funds target another 25 basis points, he [illegible] a "knee-jerk reaction" by stocks, followed by a quick recovery.

But Mr [illegible] Shulman, equity strategist [illegible] Salomon [illegible] in New York, takes a more pessimistic view [illegible] the [illegible] intermediate prospects. He finds no compelling [illegible] house's forecast of [illegible] per cent Fed Funds rate by June, accompanied by a 10 [illegible] cent "[illegible]" in share prices.

[illegible] reaching [illegible] of [illegible] [illegible] days before [illegible] strike, the Dow is down a net 82 points, or about 2 per cent, at 3,895.65. If Mr Shulman [illegible] correct, the [illegible] has a long way to go before hitting bottom.

Several other factors are likely to influence stocks this week. Unfortunately, [illegible] likely to be negative, [illegible] that could [illegible]ate any sell-off that may follow [illegible] move to more restrictive rates.

At Kemper [illegible] in Chicago, Mr Gregory Nie says technical factors suggest [illegible] market [illegible] "over-bought" and expects it to begin working off some [illegible] the excess during [illegible] week, regardless of whether [illegible] policy change [illegible] forthcoming from Washington.

Institutional [illegible] *also* starting to look ahead to the end of the first three months of the year, with [illegible] putting "window-dressing" [illegible] their quarterly reports to [illegible].

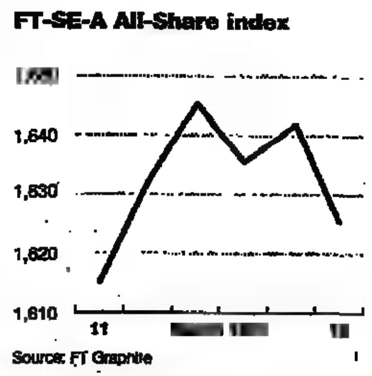
With [illegible] net decline in the S&P 500 [illegible] prospect this quarter and the unfavourable trend in [illegible], Kemper's technical analyst [illegible] portfolio [illegible] may make [illegible] "dash for [illegible]" [illegible] March [illegible]. A heavy outflow of funds [illegible] market could badly damage stock values.

But what if the Fed chooses to remain on the sidelines? Mr James Solloway, director [illegible] research [illegible] Argus in New York, is one of the minority [illegible] view.

Given [illegible] economic fundamentals and the sharp reaction to last month's rate boost, he argues the Fed will hold its fire. If so, he says, "pessimism has reached such an extreme, we are likely to be on the verge of [illegible] decent rally this week".

LONDON
[illegible]

At the fickle mercy of US securities



Source: FT Graphite

The stock market continued [illegible] take its medicine manfully last week – smiling when [illegible] construction [illegible] delivered [illegible] fresh batch of dividend increases and then grimacing when the UK and [illegible] bond traders showed they still had the [illegible] disrupt the share market [illegible] well [illegible] *their own. The flow of* [illegible] *on* [illegible] domestic economy [illegible] confirm investors' belief that the British consumer [illegible] proving a [illegible] leader for economic recovery.

It [illegible] clear that equities will remain strongly influenced by the gilt-edged market until the institutions [illegible] finished reshaping their portfolios in the light of the rise in bond yields since [illegible] beginning of February. [illegible] still at the mercy [illegible] sudden swings [illegible] in [illegible] and, [illegible] Bundesbank effectively [illegible] for a month, are now at [illegible] the [illegible].

It [illegible] be sanguine [illegible] of a trading [illegible] which will include [illegible] meeting [illegible] Federal Open Market Committee, auctions [illegible] in US short-term bonds, [illegible] figures [illegible] both [illegible] Atlantic, and be topped up by [illegible] Opec meeting. The latest [illegible] price [illegible] mid-week, [illegible] change [illegible] the next cut in [illegible].

"Rebalancing [illegible] from consumption . . ." sums up [illegible] new view taken [illegible] by BZW, [illegible] in the [illegible]. The UK investment bank, pinpointing "the problem that the [illegible] has in sustaining consumer-led growth", [illegible] that [illegible] weakening [illegible] margins [illegible] Christmas will continue, perhaps for a full 12 [illegible].

Combined with [illegible] breakdown [illegible] orderly, non-price competition in such areas as the electrical, DIY and durable [illegible] sectors, this implies an unusually risky outlook [illegible] the stores [illegible] as Marks and Spencer, GUS [illegible] are benefiting [illegible] the protection afforded them by [illegible] franchises, [illegible] advantages and the difficulties [illegible] upstart rival would find in entering their [illegible] markets. At the [illegible] end of the [illegible] scale, Argos, Dixons and Kingfisher are identified by BZW as facing vulnerable profit margin structures; [illegible] margins [illegible] DIY [illegible] around five [illegible] below those for the industry [illegible] already.

Longer-term [illegible] stock [illegible] bullish. "The bull market [illegible] now [illegible] established," [illegible] the opinion [illegible] Strauss Turnbull, which expects domestic interest [illegible] *to fall to* [illegible] *per cent very soon.* [illegible] on European rates and benign inflation in the UK should balance UK tax rises in April.

[illegible] overall opinion is still that [illegible] will [illegible] down, the [illegible] will recover and [illegible] can only [illegible] good for [illegible] prices in the [illegible]. But [illegible] underlying worry is that [illegible] market may have already decided [illegible] higher later this year and that the stock market may have already discounted all the recovery on offer [illegible] present.

OTHER MARKETS

FRANKFURT

Bayerische Hypobank opens the German banks' reporting season [illegible] with *Hoare Govett* forecasting a 27.8 per [illegible] rise in operating profit [illegible] 1993, the strongest rate of increase [illegible] the sector. Vereinsbank, whose figures [illegible] on Thursday, is expected [illegible] show a 26 per cent rise. Full-year figures from Veba on Thursday are expected to show a continuation of the trend seen at nine months, [illegible] profits fell 14 [illegible] cent.

Tomorrow sees the start [illegible] the *subscription period for* [illegible] one-for-four rights issue, aimed [illegible] raising DM200m [illegible] help fund new [illegible] developments.

PARIS

[illegible] busy [illegible] in [illegible] for financial [illegible], where [illegible] have been recouping some [illegible] ground recently. UAP [illegible] due [illegible] report today, with [illegible] forcasting [illegible] profit rising by 39 per [illegible] FFr 1.5bn. Flat figures are expected [illegible] Cie Bancaire and Crédit National when they report tomorrow. [illegible] for a 7 [illegible] in net profits [illegible] Générale on Friday.

MILAN

Another busy [illegible] be privatised telecommunications sector is expected as [illegible] country *prepares to go to the polls next* Sunday and Monday. With no further opinion polls permitted ahead of the vote, the market is likely to be [illegible] by speculation about [illegible] likely composition [illegible] new [illegible].

ZURICH

Georg Fischer, the engineering group which is heavily dependent [illegible] the depressed German motor industry, is expected to post a full-year loss of around SFr40m to SFr45m [illegible]. However, [illegible] analysts believe that the worst may now be [illegible] for [illegible] restructured engineering group as [illegible] global [illegible] begins [illegible] pick up.

Sandoz is [illegible] to [illegible] on Thursday and consensus estimates are for [illegible] 13 per cent rise in net profit to about SFr1.7bn.

TOKYO

The market faces a final round of profit-taking ahead of the March book closing, although foreign demand remains strong. However, figures for household spending in January and the diffusion index of business and economic conditions could support share prices.

RISK AND REWARD

Currency overlay strategies find wider appeal

The currency overlay, long [illegible] practice [illegible] US investors, is slowly making its [illegible] across *the Atlantic* and [illegible] attracting increasing attention from UK fund managers.

[illegible] good value in a bond or [illegible] market does not necessarily mean good [illegible] its currency, portfolio [illegible] can [illegible] overlay strategies [illegible] separate their currency decisions from their underlying [illegible] or equity [illegible]. This enables them [illegible] their currency risk, [illegible] in some cases to enhance [illegible] returns.

Imagine a UK pension fund with a [illegible] per [illegible] holding in [illegible] equities, [illegible] Mr [illegible] Halpin, [illegible] executive [illegible] Record Treasury Management. "We would hedge [illegible] currency [illegible] that position so that, if the dollar drops, the fund [illegible] short dollars," [illegible]. *Conversely, "if the* [illegible] *rises,* [illegible] would try [illegible] the fund [illegible] neutral on the currency position so that it benefits [illegible] rise."

European bond markets [illegible] provided a [illegible] ple [illegible] the [illegible] overlay, [illegible] Mr John Stopford, [illegible] and currency manager [illegible] Guin[illegible] Flight. The high-yielders – Italy, Spain and [illegible] – offered [illegible] best-performing [illegible] worst-performing [illegible]. "If [illegible] held [illegible] unhedged [illegible] would have gained [illegible] bonds, but lost [illegible] currencies. By separating [illegible] investment decisions, you could [illegible] from [illegible] and [illegible] currency element."

Guinness Flight has been using overlay strategies [illegible] its international bond portfolios for [illegible] of its Global Bond Fund currently includes [illegible] 5 per cent holding in US [illegible] per cent in Italian bonds [illegible] per cent each in Australian, Spanish, Danish, Japanese [illegible] and gilts. The fund's currency [illegible] diverges markedly: $57\frac{1}{2}$ per cent is held in [illegible] dollars, 15 per cent in Australian dollars, 10 [illegible] cent in Italian lire and 5 per cent each in Canadian dollars and [illegible] kronor.

Rather than seeking merely [illegible] limit their downside risk, more and more [illegible] managers are using dynamic currency strategies [illegible] their returns.

"You [illegible] your exposure [illegible] foreign currencies when they strengthen and reduce it when they weaken," [illegible] Mr [illegible] Vishkai, director of international equity [illegible] at [illegible] Rogers Casey. This strategy protects investors' [illegible] but allows them [illegible] participate in [illegible] upside.

According [illegible] Mr Avinash Persaud, head [illegible] currency [illegible] at J.P. Morgan, there [illegible] reason why [illegible] overlay has taken so long to catch on in Europe.

"Correlations between [illegible] and currencies switch from positive to negative depending *on the force* [illegible] *European* [illegible]vergence," he says. In an environment of currency stability, [illegible] between [illegible] and 1992, currencies and [illegible] perform [illegible] though they were [illegible] same [illegible].

But in an environment [illegible] divergence, [illegible] in the UK [illegible] September 1992 when [illegible] left [illegible] European exchange rate mechanism, "bonds and [illegible] have [illegible] very separate [illegible] and [illegible] overlay [illegible] significant [illegible] reduction [illegible] a portfolio," he says. [illegible] October [illegible] January 1994, sterling's 5–6 [illegible] rise [illegible] with [illegible] 2.5 per cent fall in 10-[illegible] gilt prices.

Currency [illegible] been relatively [illegible] ERM turmoil. However, "currencies will continue to [illegible] volatile, and there [illegible] gains to [illegible] made," [illegible] Celia Cull, [illegible] of fixed income [illegible] BZW Investment Management. BZW last year developed a currency trading model. "If it is successful, an overlay product [illegible] fall out of it," [illegible].

Conner Middelmann

INDICES AT A GLANCE

	Closing price	Percentage Change Over week	On 12 months	Since Jan 1	12 month High		Low		1994 High		Low	
FT-SE 100	3,218.10	+0.8	+11.8	-5.9	3,520.30	2/2/94	2,786.30	6/5/93	3,520.[illegible]	[illegible]	3,191.90	11/3/94
Dow Jones Ind.	3895.65	+0.9	+12.4	+3.8	3,978.36	31/1/94	3,370.81	2/4/93	3,978.36	31/1/94	3,756.60	3/1/94
Nikkei	[illegible]	+1.8	+9.3	+17.5	21,148.11	13/9/93	16,078.71	[illegible]	20,677.77	16/3/94	17,369.74	4/1/94
Dax	2,155.61	+2.4	+27.1	-4.9	2,267.98	3/1/94	[illegible]	24/5/93	2,267.98	[illegible]	2,020.33	2/3/94
CAC 40	2,221.34	+2.1	+13.1	-2.1	2,355.93	2/2/94	1,835.72	17/5/93	[illegible]	2/2/94	2,144.66	2/3/94
[illegible] Com. Ital.	674.52	+1.4	+35.7	+6.9	689.03	18/2/94	[illegible]	31/3/93	689.03	18/2/94	588.85	10/1/94

FT [illegible]

EMERGING MARKETS: This Week

The Emerging Investor / Patrick Harverson

Hostage to US interest rates

In 1993, the flood of US money [illegible] financial [illegible] one of [illegible] driving [illegible] behind [illegible] bull market in [illegible] debt and equity [illegible] developing countries. Such was investors' appetite for foreign securities, [illegible] last [illegible] more US [illegible] poured into stock and bond markets in Asia and Latin America than [illegible] any previous 12-month period.

Yet [illegible] past [illegible] months have [illegible] been [illegible] kind [illegible] emerging markets. In February, *rising US long-term* [illegible] rates – which quickly pushed [illegible] in Europe – unnerved [illegible] in [illegible]ing markets, leading [illegible] heavy selling of stocks and [illegible].

[illegible] then, prices [illegible] emerging [illegible] have fallen, in [illegible] far enough [illegible] wipe [illegible] the gains [illegible] from a strong [illegible] in January.

[illegible] react*ing to* [illegible] unexpected setback? It [illegible] a crucial question, [illegible] if the [illegible] prompt [illegible] to withdraw the [illegible] that has [illegible] keeping stock and [illegible] prices in Latin America and [illegible] buoyant this past [illegible] many emerging mar[illegible] would [illegible] in danger [illegible] collapse.

So far, however, [illegible] seem to [illegible] few signs of panic. According [illegible] and analysts in [illegible] York, most investment institutions, pension funds [illegible] insurance companies have reacted relatively calmly [illegible] February [illegible] early March declines.

Yet, the immediate outlook for emerging [illegible] markets is [illegible] bright. The selling [illegible] when [illegible] in the US and Europe began [illegible] sharply in early February. When bond prices in Latin America and other emerging [illegible] began to tumble, [illegible] dealing houses [illegible] caught with [illegible] long positions.

[illegible] US funds, Japanese, European and US banks, and hedge funds [illegible] selling [illegible] a declining market, liquidity [illegible]idly deteriorated, and "the Street" [illegible] dealers) was [illegible] *sitting* [illegible] of emerging [illegible] which they [illegible].

[illegible] one [illegible] big US securities [illegible] explains: "I [illegible] estimated – [illegible] the num[illegible] check [illegible] with people around here – [illegible] is between [illegible] and [illegible] emerging market [illegible] on the [illegible] that [illegible] along [illegible] clear up the inventory accumulation. This will not happen in days: it will [illegible] weeks, probably months."

Yet, [illegible] buyers out [illegible] Mr [illegible] Frey, [illegible] emerging markets institutional [illegible] at JP [illegible] in [illegible] York. "The only [illegible] bonds [recently] has come from US institutions, predominantly mutual funds and insurance companies."

Mr Frey [illegible] *some US* [illegible] buying because they [illegible] that prices are [illegible] in [illegible] right direction over the longer [illegible]. Also, he points out that US institutions have plenty [illegible] resources committed [illegible] tracking [illegible] markets.

Ten [illegible] performing [illegible]				
Stock	Country	Friday close	Week on week change $	%
[illegible] Do Brasil (Pfd)	Brazil	[illegible]	0.0045	[illegible]
[illegible] Ind. (Pfd)	Brazil	[illegible]	[illegible]	[illegible]
[illegible] (pfd)	Brazil	[illegible]	[illegible]	[illegible]
[illegible] Amorim	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Brazil	[illegible]	[illegible]	[illegible]
[illegible]	Argentina	[illegible]	0.5488	14.44
Banco Itau (Pfd)	Brazil	[illegible]	0.0299	13.41
Light Servicos de [illegible]	Brazil	[illegible]	0.0406	11.64
First Philippine Holdings B	Philippines	2.7199	[illegible]	[illegible]
Manila Electric Company B	Philippines	[illegible]	[illegible]	[illegible]

[illegible] Baring [illegible]

[illegible] Mark Siegel, head [illegible] emerging [illegible] Putnam, the US mutual fund group, [illegible] his funds have been buying recently because they lightened their positions [illegible] 1993 and had [illegible] spare.

"If you kept your powder dry, [illegible] on [illegible] assumption that the shape of the price curve was ridiculous at the end of the year, you've been able to buy at bargain prices." Yet, Mr Siegel admits, "no matter how intellectually well briefed you might be, when you get into one of these downdrafts, it can [illegible] uncomfortable".

[illegible] some US [illegible] have [illegible] hunting bargains, [illegible] has still [illegible] a great deal [illegible] selling. [illegible] in some funds [illegible] specialise in emerging [illegible] seen money flowing out recently.

The [illegible] Markets Income Fund run by Fidelity, the big[illegible] US fund group, [illegible] shrunk in [illegible] from a peak [illegible] $358m at the end of January, [illegible] just $200m.

Mr [illegible] Citrone, who [illegible] the Fidelity fund, [illegible] there have been plenty of redemptions recently, but points out that the fund is only $38m smaller than it was at the start of 1994.

"The very short-term [illegible] trading-oriented [illegible] felt they had [illegible] during [illegible] correction," [illegible] Mr Citrone. Yet, he says, some of that money is beginning to trickle back, and the total amount that the entire Fidelity group has invested in emerging markets is up $1bn from the start of the year to $8.5bn.

Mr Citrone [illegible] big funds, which hold only pieces of emerging markets, viewed the recent losses as a good opportunity [illegible] buy cheaply.

The [illegible] a little different in emerging equities markets, where the recent declines were not as worrying as they were in bonds.

While there is evidence that some US investors have light[illegible] their positions lately, Mr Juan Mesa, head [illegible] Latin [illegible] research [illegible] JP Morgan, points [illegible] most of the damage in emerging stock markets was caused by domes[illegible] selling stocks.

"As we [illegible] seen with the Nafta [illegible] in Mexico, [illegible] people [illegible] the most frightened [by uncertainty] are always [illegible] locals."

Mr Mesa points out [illegible] investors had [illegible] big sellers of emerging markets in Latin America, trading vol[illegible] have been [illegible] high. Yet, [illegible] says, volume has [illegible] low, [illegible] notably in Mexico, [illegible] daily trading volume dropped from [illegible] a day in January to [illegible] in February and March.

[illegible] fund manager [illegible] has [illegible] selling emerging mar[illegible] Ms Kelly [illegible] runs [illegible] global equity [illegible] for [illegible] Dreyfus fund group [illegible] York. [illegible] had more than [illegible] per [illegible] her [illegible] in [illegible]ing [illegible]. That figure is now down [illegible] per [illegible], because, [illegible] "the [illegible] is bigger than the upside over the [illegible] months."

Ultimately, [illegible] performance [illegible] emerging [illegible] depends greatly on what happens [illegible] US interest rates. As [illegible] McDermott [illegible] "The bigger question [illegible] what happens [illegible] overall flow [illegible] funds, and that will [illegible] happens [illegible]. If you see [illegible] coming [illegible] of [illegible] generally, that will [illegible] problem [illegible] emerging markets."

■ Hungary [illegible] curb insider trading

Hungary's [illegible] market [illegible] to curb insider trading [illegible] the confidence [illegible] investors drawn to the Budapest bourse since it began *to take off in the new* year, writes Nicholas Denton in [illegible].

The state securities supervisor, in [illegible] unprecedented step, [illegible] asked the police to [illegible] a criminal investigation into [illegible] suspicious rise in the share price of Novotrade in [illegible].

[illegible] supervisory authority is also conducting an investigation into heavy trading – 20 [illegible] the normal [illegible] – in [illegible] on January [illegible].

The [illegible] buying anticipated [illegible] that [illegible] US [illegible] paying [illegible] per [illegible] Danubius. The [illegible] price leapt 120 per [illegible] on the [illegible] day [illegible] trading.

The stock exchange authorities reject accusations that half of all activity is fuelled by [illegible] information and [illegible] Budapest is no [illegible] other [illegible].

Nevertheless, [illegible] that there is a problem and is putting new emphasis on enforcement [illegible] trading rules.

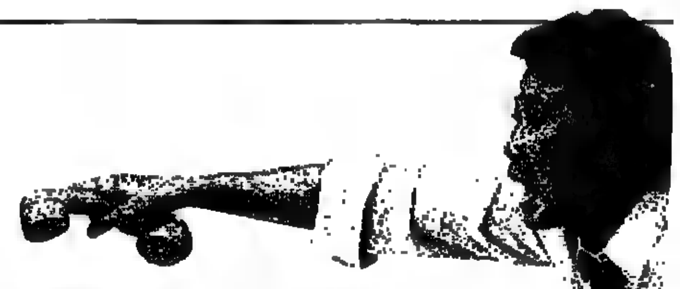
"[illegible] cases [illegible] that the regulators [illegible] not sleeping," [illegible] Mr [illegible] Rotyis, chief executive [illegible] the [illegible] exchange.

Hungary last month [illegible] penalties for insider trading. The use [illegible] privileged information to make [illegible] profit through [illegible] trading now [illegible] a prison [illegible].

The BSE hopes that [illegible] new system [illegible] computerised trading, introduced [illegible] month to [illegible] growing volume, will [illegible] serve [illegible] curtail [illegible] manipulation.

[illegible] against [illegible] market malpractice [illegible] all [illegible] vital [illegible] Budapest's reputation now [illegible] market has [illegible] interest, and the scrutiny, [illegible] funds. Budapest [illegible] one [illegible] the [illegible] performing emerging [illegible] so [illegible] this [illegible] with its IFC index rising [illegible] per [illegible] in dollar [illegible].

The collapse last month of Lupis, one [illegible] largest [illegible] brokerages, [illegible] also spurred the [illegible] to supervise financial [illegible] more firmly. Lupis allegedly [illegible] clients' funds [illegible] in a vain attempt [illegible] bankruptcy.



News round-up

■ Warsaw

Mr Marian Rajczyk, president of Bank Slaski, resigned on Thursday.

The bank [illegible] in the [illegible] recently following [illegible] the pricing of [illegible] for privatisation.

The country's finance minister has already resigned, partly over [illegible] controversy.

■ Indonesia

Moody's, the international rating [illegible], [illegible] assigned an [illegible] grade rating [illegible] the foreign [illegible] by [illegible] Republic [illegible] Indonesia.

Moody's [illegible] the rating [illegible] the marked [illegible] has [illegible] the government's [illegible] in fostering [illegible] market principles.

The [illegible] rating [illegible] that [illegible] still [illegible] a [illegible] service [illegible] nearly 30 per cent, along with [illegible] modestly high level [illegible] foreign currency debt.

[illegible] worth [illegible] floating [illegible] issued by Indonesia in 1986 [illegible] in 2001 is still [illegible]ding.

■ Further coverage of emerging [illegible] daily on the World Stock Markets [illegible].

[illegible] Securities emerging markets indices

Index	18/3/94	Week on [illegible] Actual	Percent	Month on month movement Actual	Percent	Year [illegible] date Actual	[illegible]
[illegible]	1[illegible]	-3.79	-2.31	-21.16	-11.56	-7.97	-4.73
Latin America							
Argentina (19)	112.55.	-0.69	-0.61	[illegible]	-17.61	-2.84	[illegible]
Brazil (20)	197.57.	2.47	1.26	-7.61	-3.71	59.72	41.48
Chile (12)	[illegible]	-3.94	-2.29	[illegible]	-8.88	20.60	13.98
[illegible] (24)	[illegible]	-6.94	-4.51	-31.87	-18.24	-18.44	-11.44
Latin America (75)	156.42	-3.12	-1.96	[illegible]	-13.05	7.00	[illegible]
Europe							
[illegible] (14)	100.55	0.52	0.52	3.14	3.22	17.48	21.01
Portugal (14)	[illegible]	0.13	0.10	[illegible]	-2.85	18.10	16.14
Turkey (22)	74.15	-16.05	-17.79	-59.37	-44.47	-87.56	-54.15
Europe [illegible]	108.31	-2.98	-2.68	[illegible]	-10.39	-3.93	[illegible]
Asia							
[illegible] (17)	157.71	-0.63	-0.40	-12.09	-7.12	[illegible]	-7.80
[illegible] (23)	120.06	-3.22	-2.61	[illegible]	-4.69	10.36	[illegible]
Malaysia (22)	199.13	-8.53	-4.11	[illegible]	-5.96	-53.92	-21.31
Philippines (11)	254.34	2.29	0.91	-45.52	-15.18	68.14	-21.13
Thailand (21)	197.70	-8.45	-4.10	[illegible]	-16.70	-65.85	[illegible]
Taiwan (29)	134.54	-0.82	-0.61	[illegible]	-9.03	-19.17	-12.47
Asia (123)	182.76	-5.34	-2.84	-18.92	-9.38	-38.65	-17.46

All indices in $ terms, January 7th 1992=100. Source: Baring Securities

CURRENCY MARKETS
Philip Gawith

Nerves on edge ahead of Fed meeting

Foreign exchanges will this week [illegible] the meeting [illegible] the Federal Open Market Committee which is expected [illegible] herald a further tightening [illegible] monetary policy.

Although [illegible] market has discounted a [illegible] basis points [illegible] in the Federal funds rate, nerves [illegible] on [illegible] following the unscheduled meeting last Friday [illegible] President Clinton and Mr Alan Greenspan, chairman of [illegible] Fed.

When [illegible] Fed [illegible] tightened policy, on February 4, foreign exchanges remained largely immune from the ensuing turmoil in financial markets. Anxiety remains, however, [illegible] further divergence in US and European interest [illegible] could prompt shifts in international [illegible] allocation which would affect currencies.

Indeed, [illegible] key issue in the weeks [illegible] will be the [illegible] to which [illegible] and European interest [illegible] can decouple. Put differently, how [illegible] can the Bundesbank [illegible] policy while the Fed [illegible] tightening?

This [illegible] important [illegible] dollar, [illegible] now [illegible] before the [illegible] rates, [illegible] believe the US currency will strengthen only if German [illegible] rates are cut sharply.

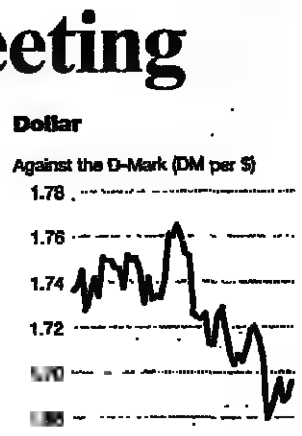
This issue is also important for European [illegible]. Mr Paul Chertkow, head of [illegible] currency [illegible] at UBS, argues that "the still [illegible] monetary [illegible] the Bundesbank, in [illegible] of bond market deterioration, threatens to [illegible] strains within the ERM". He [illegible] that the French [illegible] vulnerable [illegible] such pressures.

[illegible] UK, [illegible] key concern is whether a good retail inflation figure on Wednesday will prompt [illegible] in interest [illegible].

Opinion [illegible] divided. Some argue [illegible] government will [illegible] lower [illegible] higher taxes that [illegible] next month. [illegible] firmly opposed. Mr Steve Hannah, head [illegible] at IBJ International, says if [illegible] England [illegible] again, "It will run an [illegible] risk [illegible] further eroding [illegible] confidence [illegible] the marketplace".

[illegible] predicts [illegible] "very definite chance" that [illegible] in [illegible] will see [illegible] pound slip into [illegible] DM2.45 [illegible] range.

Dollar



[illegible] FT [illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 18 / Sch)

BELGIUM/LUXEMBOURG (Mar 18 / Frs.)

DENMARK (Mar 18 / Kr)

FINLAND (Mar 18 / Mks)

FRANCE (Mar 18 / Frs.)

GERMANY (Mar 18 / Dm.)

ITALY (Mar 18 / Lire)

NETHERLANDS (Mar 18 / Fls.)

NORWAY (Mar 18 / Kroner)

SPAIN (Mar 18 / Ptas.)

SWEDEN (Mar 18 / Kronor)

SWITZERLAND (Mar 18 / Frs)

PACIFIC

JAPAN (Mar 18 / Yen)

HONG KONG (Mar 18 / H.K.$)

MALAYSIA (Mar 18 / MYR)

SINGAPORE (Mar 18 / S$)

AUSTRALIA (Mar 18 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Mar 18 / Can $)

4 pm close

MONTREAL (Mar 18 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Mar 18 / Rand)

FT FREE ANNUAL REPORTS SERVICE

■ TOKYO - MOST ACTIVE STOCKS: Friday, March 18, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Honshu Paper	11.5m	825	+55	Toshiba	7.2m	803	-5
Nippon Steel	11.5m	354	-6	Kawasaki Steel	6.4m	375	-3
Hitachi	9.6m	972	+2	Kurabo Inds	5.6m	451	+10
NEC	8.0m	1,110		Nippon Carbon	5.4m	486	+37
Sanyo Electric	7.7m	528	+18	Fujitsu	5.1m	1,060	

INDICES

US INDICES

Dow Jones

■ RATIOS

■ STANDARD AND POOR'S 500 INDEX FUTURES

■ NEW YORK ACTIVE STOCKS

■ TRADING ACTIVITY

■ CAC-40 STOCK INDEX FUTURES (MATIF)

Open interest figures are for previous day.

and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Mar 18 - 2140.39 -20.06

♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telerate) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

[redacted]

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
[illegible]						

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: [illegible] units. Used to defray management and administrative costs, including [illegible] to intermediaries. This charge [illegible] price of units.

OFFER PRICE: Also [illegible] price at which units are [illegible]

BID PRICE: Also called [illegible] The price at which units [illegible] back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on 071-873 4378.

OTHER UK UNIT TRUSTS

INSURANCES

[redacted]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on 071-873 4378.

S-E-Banken Life Assurance Co Ltd

Save & Prosper Group (z)

Scottish Amicable

Scottish Equitable plc

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Group

Scottish Widows' Group

Skandia Life Assurance Co Ltd (z)

Skandia Life Assurance Co Ltd - Contd.

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Tunbridge Wells Equitable Friendly Society

Tunbridge Wells Equitable - Contd.

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Scandia Life Assurance Ltd

Sun Life International (IOM) Ltd

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Jupiter Tyndall (Bermuda) Ltd

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

Royal Bk of Canada O/S Fd Mgrs Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

Scranle Funds Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

GT Asset Management - Contd.

Morgan Grenfell Investment Funds Ltd

Scottish Value Management (Ireland) Ltd

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

Unibank Scandinavian Fund Ltd

ISLE OF MAN (REGULATED)(**)

ATC Fund Management Ltd

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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Greece Fund Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
NAV Mar 10		$23.67	–	49890

John Govett Management (Jersey) Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
S'pore Sealing Fd NAV Mar 11		$21.2976	–	47863
Paragon Fd NAV Feb 28		$10.30	–	47956
Paragon Redemption		$9.99	–	47106
Hungarian Inv Co Feb 28		$111.45	–	40573
Dollar Global Managed Hedge		$11.1414	11.92	–	49784
Gilt Geared Curr NAV Mar 18		$13.30	–	45839
Gilt Geared Bd Mar 18		$7.53	–	46440
Govett India Fund		$11.48	11.85	–	52227
Inv Intl–Protected Inv Pfolio		£10.3185	10.8880	–	51334
Sterling Balanced Hedge		£10.1709	10.65	–	52228
Swiss Franc Balanced Hedge		SFr10.7400	10.40	–	52229
Govett Mngd Ftrs Mar 18		£13.41	14.88	–	44516
Govett Mngd Ftrs Mar 18		$9.31	10.18	–	47538
Taiwan Capital		$8.82	9.36	–	52230

INVESCO International Limited

All Funds deal daily except where indicated.

Sterling Denominated Income Funds

	Bid Price	Offer Price	Yield Gross	City-Line
American Equity Inc	£1.8960	2.0140xd	3.12	45449
Japan Inc & Grwth	£2.1150	2.2700	1.42	45450

Sterling Denominated Growth Funds

	Bid Price	Offer Price	Yield Gross	City-Line
Pioneer Markets	£5.7300	6.1630	–	45451
£ Mng Portfolio	£2.1210	2.2830	1.29	45480

US Dollar Denominated Growth Funds

	Bid Price	Offer Price	Yield Gross	City-Line
Gld NAV 1994	$9.8160	–	–	47829
Apollo Fd Mar 18	SFr116.58	125.01	–	45473

*Weekly Dealing. †Fortnightly Dlng. **Monthly Dlng.

Jupiter Tyndall (Jersey) Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
Gilt Fd	120.9	127.1xd	7.87	45892
(Accum Shares)	808.6	849.1	7.87	45893
Managed Currency Stg	123	130	–	45894
International	495	520	0.23	45895

Lloyds Bank Trust Co (CI) Mngrs

	Bid Price	Offer Price	Yield Gross	City-Line
Lloydstrust World Inv Port	£3.161	3.362xd	0.81	49166

Dealing weekly on Thursday

Lombard Odier (Jersey) Ltd

Fixed Income Funds

Gilt Ltd

Accumulating Classes

	Bid Price	Offer Price	Yield Gross	City-Line
Class A (US$ Med)		$23.74	–	49167
Class B (US$ Med)		$25.45	–	49168
Class C (US$ Long)		$21.29	–	49169
Class D (Japan)		[illegible]	–	49170
Class E (U.K.)		[illegible]	–	49171
Class F (DM)		[illegible]	–	49172
Class G (DFL)		[illegible]	–	49173
Class H (Europe High Yield)		[illegible]	–	49174

Cresvale Group (u)

11 Rue Aldringen, L-1118 Luxembourg 071-357 6400

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Managed Convertible (z)			$–	2.22	–	44714
Equity Wrnts (Japan) (z)			$–	2.09	–	44472
Hedge Fund			$–	21.77	–	44716
Hedge Fund US$ II			$–	19.30	–	48220
Hedge (E)			£–	98.09	–	[illegible]

DB Investment Management SA

2 Boulevard Konrad Adenauer, Lux 010 352 421011

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Eurorenta		DM–	66.32	68.52	–	[illegible]
Dollarrenta		$–	56.00	57.68	–	[illegible]
DM Reserve		DM–	159.86	161.46	–	[illegible]

Den norske Bank

2 boulevard Royal, Lux 010 352 4590 3271

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
DnB Inv Nordic Eq Cap		NKr–	13860.89		–	[illegible]
DnB Inv Nordic Eq Cap		NKr–	13124.73		–	[illegible]

Disa Income Fund

68 Blvd Petrusse, L 23220, Luxembourg (352) 407330

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
DISA Income		R–	46.91		16.88	[illegible]

Dolphin Intl Investments (u) SICAV

14 rue Aldringen, L-1118 Luxembourg 0534 27391

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Conti Capital Builder		£–	1.3631		–	[illegible]
Ind Growth & Income		£–	3.3382		–	[illegible]
International Bond		£–	3.3429		–	[illegible]

Dresdnerbank Asset Mngmt SA (u)

E.T. Investment Management Ltd

13 Rue Goethe, BP 413, Luxembourg 010 352 4046461

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Establishment Tst Mar 14		$–	2.43		–	[illegible]

Eagle Star – Global Assets Fund (u)

5 Rue Aldringen L-1118 Luxembourg

Dealing UK: 0624 681100 Europe: 010 352 473764

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
UK Equity		£–	1.669	1.774	4.00	[illegible]
Nth Am Equity		£–	1.862	1.989	2.00	[illegible]
Japanese Equity		£–	0.898	0.962	1.01	[illegible]
Pacific Basin Equity		£–	2.348	2.498	3.20	[illegible]
European Equity		£–	1.730	1.836	3.00	[illegible]
Sterling Bond		£–	1.046	1.112	8.25	[illegible]
US Dollar Bond		£–	1.492	1.586	6.25	[illegible]
Japanese Yen Bd		£–	1.299	1.380	4.70	[illegible]
Deutschemark Bond		£–	1.215	1.291	7.00	[illegible]
Stg Liquid Assets		£–	0.932	0.990	8.00	[illegible]
US$ Liquid Assets		£–	1.217	1.293	3.50	[illegible]
Japan Yen Liquid Assets		£–	1.199	1.274	3.70	[illegible]
D mark Liquid Assets		£–	1.147	1.219	6.90	[illegible]
Global Managed		£–	2.001	2.127	2.50	[illegible]
European Bond		£–	1.710	1.817	7.40	[illegible]

All funds are denominated in Ecu. Prices quoted are Sterling equivalent

Nomura Global Fund (u)

Daiwa Japan Gem Fund

Daiwa Japan Small Equity Fd (u)

Dean Witter World Wide Invest. Tst SA

The Dragon Fund Sicav

Scudder, Stevens & Clark - Contd.

Cregem International Bank

Cresvale (Guernsey) Ltd

Crystal Corporation N.V.

DWS Deutsche Ges. F. Wertpapiersp

Infinity Capital Corporation

International Fund Administration Ltd

The Jaguar Fund N.V.

Jardine Fleming Inv Mngt Ltd

Jardine Fleming Unit Trusts Ltd

Putnam Embassy Funds Ltd

Putnam International Advisers Ltd

Quantum Group

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Mar 18		Closing mid-point	Change on day	[redacted]	Day's Mid high	[redacted]	One month Rate	%PA	Three months Rate	[redacted]	One year [redacted]	[redacted]	Bank of Eng. Index
Europe													
Austria	(Sch)	17.7832	+0.0977	727 - 938	17.7966	17.6888	17.7794	0.3	[redacted]	[redacted]	-	-	[redacted]
Belgium	(BFr)	[redacted]	[redacted]	978 - [redacted]	52.0900	51.6905	52.0731	-1.0	52.1631	-1.0	52.3681	-0.7	[redacted]
Denmark	[redacted]	[redacted]	[redacted]	918 - 033	9.9058	9.8655	9.9066	-1.1	9.9213	-1.0	9.9561	-0.6	114.6
Finland	(FM)	[redacted]	+0.0348	406 - 583	[redacted]	[redacted]	-	-	-	-	-	-	81.3
France	(FFr)	[redacted]	[redacted]	978 - 052	[redacted]	8.5757	8.6101	-1.2	[redacted]	-1.2	[redacted]	-0.6	108.4
Germany	[redacted]	[redacted]	[redacted]	239 - 261	2.5316	2.5180	2.5266	[redacted]	2.5285	-0.7	[redacted]	-0.2	[redacted]
Greece	(Dr)	[redacted]	+2.176	404 - 974	368.974	368.982	-	-	-	-	-	-	-
Ireland	[redacted]	1.0411	[redacted]	398 - 424	1.0454	[redacted]	1.0417	-0.7	[redacted]	-0.7	1.0489	-0.7	102.7
Italy	(L)	2498.20	+12.87	666 - 973	2499.73	2489.49	2504.7	-3.1	2519	[redacted]	2588.45	[redacted]	75.8
Luxembourg	(LFr)	52.0281	[redacted]	978 - 584	[redacted].0900	51.6905	52.0731	-1.0	52.1631	-1.0	52.3681	-0.7	[redacted]
[redacted]	(Fl)	2.8391	+0.0124	378 - 403	2.8432	[redacted]	[redacted]	[redacted]	2.8405	-0.2	2.837	[redacted]	[redacted]
Norway	[redacted]	10.9531	[redacted]	497 - 564	10.9726	10.89[redacted]	10.9474	0.6	[redacted]	[redacted]	[redacted]	0.0	84.9
Portugal	[redacted]	[redacted]	+1.018	594 - 277	260.277	259.384	260.811	-4.5	262.856	-4.5	-	-	-
Spain	[redacted]	207.383	[redacted]	274 - 492	207.589	206.885	[redacted]	-3.2	209.963	[redacted]	[redacted]	[redacted]	84.9
Sweden	[redacted]	11.7270	+0.0229	194 - 345	11.7605	[redacted]	11.747	[redacted]	[redacted]	-1.9	11.8915	-1.4	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	442 - 464	2.1512	[redacted]	2.1436	[redacted]	[redacted]	1.0	[redacted]	1.2	117.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.6
Ecu	-	1.3082	+0.0047	077 - 087	[redacted]	[redacted]049	[redacted]	-1.3	1.312	-1.2	1.3164	-0.6	-
SDR	-	0.933238	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	[redacted]	[redacted]	-0.0079	886 - 89[redacted]	[redacted]	[redacted]	-	-	-	-	-	-	-
Brazil	[redacted]	1179.18	+11.83	897 - 938	1181.00	1161.00	-	-	-	-	-	-	-
Canada	(C$)	[redacted]	-0.0111	369 - 383	2.0478	2.0340	2.0356	1.3	2.0331	0.9	2.036	0.1	88.1
Mexico	(New Peso)	[redacted]	[redacted]	[redacted]	[redacted]	4[redacted]	-	-	-	-	-	-	-
USA	($)	1.4886	[redacted]	[redacted]	[redacted]	[redacted]	1.4867	1.7	1.484	1.3	1.4784	0.7	66.4
Pacific/Middle East/Africa													
Australia	(A$)	[redacted]	-0.0119	[redacted]	[redacted]	[redacted]	2.0884	0.9	2.0861	0.7	2.0841	0.3	-
Hong Kong	[redacted]	11.5059	-0.0635	046 - 092	11.5439	11.4883	11.4939	1.4	11.4885	0.6	11.4394	0.6	-
India	(Rs)	46.7021	-0.2745	905 - 137	[redacted]	46.6260	-	-	-	-	-	-	-
Japan	[redacted]	[redacted]	[redacted]	761 - 938	[redacted]	157.590	157.47	3.0	156.765	2.8	153.545	2.7	164.2
Malaysia	(M$)	4.0501	[redacted]	490 - 511	[redacted]	4.0447	-	-	-	-	-	-	-
New Zealand	(NZ$)	[redacted]	[redacted]	977 - 018	[redacted]	2[redacted]	2.6027	-1.3	2.607	-1.1	2.6156	-0.6	-
Philippines	(Peso)	[redacted]	-0.2413	849 - 198	[redacted]	40[redacted]	-	-	-	-	-	-	-
Saudi Arabia	(SR)	[redacted]	-0.0336	801 - 829	[redacted]	5.5724	-	-	-	-	-	-	-
Singapore	(S$)	2.3582	-0.0104	570 - 593	2.3653	[redacted]	-	-	-	-	-	-	-
S Africa (Com.)	[redacted]	5.1314	[redacted]	[redacted]	5.1446	[redacted]	-	-	-	-	-	-	-
S Africa (Fin.)	[redacted]	[redacted]	-0.0176	950 - 122	[redacted]	6.7251	-	-	-	-	-	-	-
South Korea	[redacted]	[redacted]	-6.91	062 - 147	[redacted]	1199.21	-	-	-	-	-	-	-
Taiwan	(T$)	[redacted]	[redacted]	071 - 692	39.3692	39.2071	-	-	-	-	-	-	-
Thailand	[redacted]	[redacted]	-0.19[redacted]	739 - 184	37.8030	37.6310	-	-	-	-	-	-	-

†SDR rate for Mar 17. Bid/offer spreads in the Pound Spot table show only the last three decimal places. [redacted] rates are not directly quoted to the market but [redacted] implied by current [redacted] rates. Sterling index calculated by the Bank of England. Base average [redacted] = 100.Bid, Offer and Mid-rates in both this and [redacted] Spot tables [redacted] from THE WM/REUTERS [redacted] SPOT [redacted]. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar.18		BFr	DKr	FFr	DM	I£	L	[redacted]	NKr	[redacted]	Pta	SKr	SFr	£
Belgium	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Denmark	(DKr)	52.57	10	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	11.85	[redacted]	[redacted]
France	(FFr)	60.49	11.51	[redacted]	[redacted]	1.210	2904	3.300	[redacted]	[redacted]	241.1	[redacted]	[redacted]	[redacted]
Germany	(DM)	20.61	[redacted]	[redacted]	1	[redacted]	989.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	0.850	0.396
Ireland	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	11.27	2.061	0.961
Italy	[redacted]	[redacted]	0.398	[redacted]	0.101	0.042	100.	0.114	[redacted]	10.40	[redacted]	0.470	0.086	0.040
Netherlands	[redacted]	18.33	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1	[redacted]	[redacted]	[redacted]	[redacted]	0.756	[redacted]

D-MARK FUTURES (IMM) DM 125,000 per DM

SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

STERLING FUTURES (IMM) £62,500 per £

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

UK INTEREST RATES

LONDON MONEY RATES

BANK OF ENGLAND TREASURY BILL TENDER

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on page 18 in today's edition.

Pound in New York

FIXED INTEREST RATES

MONEY RATES

EURO CURRENCY INTEREST RATES

THREE MONTH [redacted] (MATIF) $1m points of 100%

US TREASURY BILL FUTURES (IMM) $1m per 100%

BANK RETURN

LONDON RECENT ISSUES: EQUITIES

RIGHTS OFFERS

STOCK EXCHANGES

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

STOCK INDICES

FT-SE 100	3218.1	3255.7	[redacted]	[redacted]	[redacted]	3520.3	[redacted]	3520.3	[redacted]
FT-SE Mid 250	3885.6	3886.6	3890[redacted]	3902.5	3885.7	4152.8	[redacted]	4152.8	1379.4
FT-SE Mid 250 ex ITs	3885.8	3902.2	3906.0	3918.2	3900.9	4160.7	2874.8	4160.7	1378.3
FT-SE-A 350	1632.7	1649.[redacted]	[redacted]	[redacted]	1640.6	1778.3	1349.7	1778.3	664.5
FT-SE SmallCap	2001.51	2006.99	2009.70	2011.95	2011.[redacted]	2094.98	1377.58	2094.98	1363.79
FT-SE SmallCap ex ITs	1983.59	1988.78	1989.47	1992.18	1992[redacted]	2080.72	1380.05	2080.72	1363.79
FT-SE-A All-Share	1624.86	[redacted]	1636.52	1646.57	[redacted]	[redacted]	1330.19	1764.11	[redacted]

FT-SE Eurotrack 100	[redacted]	1461.88	1468.28	1468.35	[redacted]	1540.19	1063.02	1540.19	900.45
FT-SE Eurotrack 200	[redacted]	1503.36	1504.22	1513.24	[redacted]	1607.10	[redacted]	[redacted]	938.62
FT Ordinary	[redacted]	2566.3	2552.8	2569.3	2546.2	2713.6	2124.7	2713.6	[redacted]
FT Govt [redacted]	[redacted].72	99.55	99.94	[redacted]	100.09	107.60	93.28	127.40	[redacted]
FT Fixed Interest	120.14	[redacted]	121.37	121.20	[redacted]	133.87	106.87	[redacted]	50.53
FT Gold Mines	2059.10	2004.85	2026.62	2040.66	2041.70	2367.40	922.16	2367.40	922.16
Predecessor Gold Mines	223.8	214.9	218.5	218.9	[redacted]	277.9	60.0	[redacted]	[redacted]

FT GOLD MINES INDEX

	Mar 18	% chg since 31/12/93	Mar 17	Mid Cap $bn	% of Gold Mines	Gross div yield %	52 week High	Low
Gold Mines Index (34)	2059.10	-7.8	2004.85	48.80	100.00	1.82	2367.40	1214.11
■ Regional Indices								
Africa (15)	2896.30	-12.4	2785.33	[redacted]	[redacted]	4.73	3440.80	1415.33
Australasia (8)	2544.29	-4.6	2540.34	6.56	14.01	1.45	3013.89	1244.83
North America (11)	1746.85	-6.2	1700.27	27.38	58.50	0.54	2038.65	1153.36

Copyright, The Financial Times Limited 1994. Figures in brackets show number of companies. Base US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index: Mar 14: 213.3; week's change: +1.0 points; Year ago: 96.0. † Partial.

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association

* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Calcash Deposit Fund	4.82	-	5.02	3-Mth
Deposits Over £1 million	5.02	-	5.12	3-Mth
Deposits Over £2 million	5.12	-	5.22	3-Mth
The COIF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	5.00	-	5.09	3-Mth
Cent. Bd. of Fin. of Church of England† 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	5.00	-	5.09	3-Mth

Money Market Bank Accounts

	[redacted]	Net	Gross CAR	Int Cr
Aitken Hume Bank plc 30 City Road, London EC1Y 2AY. 071-638 6070				
Treasury Account - for professional advisers				
£25,000-£49,999	4.75	3.5625	4.85	Mth
£50,000 or more	5.00	3.75	5.12	Mth
Monthly Inc Acc - for personal and business clients				
Up to £9,999	3.25	2.4375	3.30	Mth
£10,000 - £24,999	4.00	3.00	4.07	Mth
£25,000 - £49,999	4.50	3.375	4.59	Mth
£50,000 or more	4.75	3.5625	4.85	Mth
Money Market quotations - please telephone				
Allied Trust Bank Ltd 97-101 Cannon St, London, EC4N 5AD 071-626 0879				
FOMINA (£2,001+)	6.54	4.90	6.54	Yearly
TREMINA (£2,001+)	5.85	4.39	5.85	Yearly
TOMINA (£2,001+)	5.64	4.23	5.64	Yearly
OMINA (£2,001+)	5.33	3.99	5.33	Yearly
HICA (£2,001+)	4.00	3.00	4.07	Mth
HIBCA (£2001+)	4.00	3.00	4.07	Mth
Premier TESSA	6.87	5.15	6.87	Yearly
American Express Bank Ltd Sussex House, Burgess Hill RH15 9AQ 0444 232444				
High Performance Cheque Account				
£500-£999.99	1.00	0.75	1.00	Mth
£1,000-£4,999.99	3.50	2.63	3.56	Mth
£5,000-£9,999.99	3.75	2.81	3.82	Mth
£10,000-£24,999.99	4.00	3.00	4.07	Mth
£25,000-£49,999.99	4.25	3.19	4.33	Mth
£50,000+	4.75	3.56	4.85	Mth
Bank of Ireland High Interest Cheque Acc 36-40 High St, Slough SL1 1EL 0753 516516				
£10,000+	3.500	2.625	3.546	Qtr
£2,000-£9,999	2.50	1.875	2.524	Qtr
Bank of Scotland 38 Threadneedle St, EC2P 2EH 071-601 6446				
MM Chq Acc £2,500-£24,999	3.50	2.63	3.56	Mth
£25,000-£249,999	3.75	2.81	3.82	Mth
£250,000+	5.00	3.75	5.12	Mth
Coutts & Co 440 Strand, London WC2R 0QS 071-753 1000				
Coutts Corporate Account for clients money 15 Lombard Street, London EC3V 9AU 071 623 1010				
Rates negotiable up to...	5.063	-	-	-
Dao Heng Bank (London) PLC Premier Acc 10 Angel Court, London EC2R 7HP 071-606 1616				
£20,000+	5.00	3.75	5.09	Qtr
£10,001-£20,000	4.25	3.19	4.32	Qtr
£2,500-£10,000	3.75	2.81	3.80	Qtr
Savings Account	2.75	2.06	2.79	Qtr
Davenham Tst Plc-Davenham 500 Acc 8 St John St, Manchester M3 4DU 061-832 9484				
£10,000+ [illegible]	7.25	[redacted]	-	6-Mth
£10,000+ 1 Year	7.50	5.625	7.5	Yearly
£5,000+ Fixed Rate Bd 2 Yrs	8.00	6.00	7.7	-
Fidelity Money Market Account Fidelity Brokerage Services Ltd, Kingswood Place, Tadworth Surrey, KT20 6RB				
£1-£49,999	3.75	2.81	3.80	Qtr
£50,000-£249,999	4.25	3.187	4.32	Qtr
£250,000-£499,999	4.875	3.6562	4.96	Qtr
£500,000+ Money Market Rates on request				
Halifax Bldg Soc Asset Reserve Cheque Acc Trinity Road, Halifax HX1 2RG 0422 335333				
Rates for personal customers				
£50,000 and above	5.60	4.20	5.72	Qtr
£25,000 to £49,999	5.25	3.94	5.35	Qtr
£10,000 to £24,999	4.90	3.68	4.99	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Rates for non-personal customers				
£50,000 and above	5.25	3.94	5.35	Qtr
£25,000 to £49,999	4.75	3.56	4.84	Qtr
£10,000 to £24,999	4.50	3.38	4.58	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Julian Hodge Bank Ltd 10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Deposit Acc	6.00	4.50	6.09	-
3 Mth Fixed Rate Deposit Acc	5.75	4.31	5.88	-
1 Mth Fixed Rate Deposit Acc	5.75	4.31	5.90	-
Humberclyde Finance Group 5 Bartley Way, Hook, Basingstoke 0256 700000				
£50,000+	5.25	3.94	5.35	Qtr
Leopold Joseph & Sons Limited 29 Gresham Street, London EC2V 7EA 071-588 2323				
Treasury High Interest Cheque Account				
£25,001-£100,000	4.50	4.6000	3.3750	Qtr
£100,001 plus	[redacted]	4.8400	3.5030	Qtr
Kleinwort Benson Ltd 158 Kentish Town Rd, London NW5 2BT 071-267 1600				
H.I.C.A. (£2,500+)	4.125	3.093	4.196	Daily
Kleinwort Benson Private Bank (a division of Kleinwort Benson Investment Management Ltd) 158 Kentish Town Road, London NW5 2BT 071-267 1600				
H.I.C.A. (£2,500+)	[redacted]	[redacted]	4.196	Daily
Lloyds Bank - Investment Account 71 Lombard St, London EC3P 3BS 0272 433372				
£100,000 and above	5.25	3.94	5.25	Yearly
£50,000+	5.15	3.86	5.15	Yearly
£25,000+	4.95	3.71	4.95	Yearly
£10,000+	4.75	3.56	4.75	Yearly
Midland Bank plc PO Box 2, Sheffield 0742 529204				
Exchequer Acc £5000+	3.75	2.81	3.75	Yearly
£10,000+	4.50	3.37	4.50	Yearly
£25,000+	5.00	3.75	5.00	Yearly
£50,000+	5.50	4.12	5.50	Yearly
TESSA	5.25	-	5.25	Yearly
Nationwide Bldg Soc - BusinessInvestor Business High Interest Cheque Account				

NOTES - Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual [redacted]' Int Cr: Frequency of which interest is credited to the account.

LONDON SHARE SERVICE

BANKS

	Notes	Price	Wk% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
ABN Amro Fl		[illegible]	0.2	Q81%	ф	Sep May	1.9	1867
ANZ A$		[illegible]	1.0	Q20c	0.7	Jan Jul	9.12	–
Abbey National	qN□	[illegible]	0.8	14.0	2.1	May Oct	14.3	[illegible]
Allied Irish I£	[illegible]	[illegible]	0.8	Q52%	ф	Oct May	28.2	[illegible]
Anglo Irish I£	[illegible]	[illegible]	–	Q17.9%	1.7	Jan Jul	29.11	[illegible]
Asahi Y		709½	–.8	Q16%	1.3	Jan Dec	12'92	[illegible]
Banco Bil Viz Pta		214½	–2.4	Q27.25	2.7	JyOcJaAp	13.7	[illegible]
Banco Sant Pta		£31⅝	–8.7	[illegible]	2.0	ApJyOcJa	30.10	–
Bank Leumi (UK)		430xd	–	20.0	ф	Apr Sep	28.2	1740
Bk Ireland I£	[illegible]	281	0.4	Q13¾%	1.5	Jul Dec	15.11	1380
Bank Scotland	[illegible]	186	3.7	4.67	1.6	Dec Jul	18.10	1742
9¾pc Pf		130¾	0.2	9¾%	–	May Nov	18.10	1482
9¼pc Pf		127½	0.2	9¼%	–	May Nov	18.10	–
Barclays	qN□	562xd	0.2	15.15	1.3	Oct May	14.3	1754
Dai Ichi Kan Y		[illegible]	3.5	Q16%	3.2	Jan Dec	27.9	3221
Deutsche DM		£317⅛	0.5	Q30%	–	May	24.5	2349
Espirito Santo		[illegible]	–2.7	Q120c	5.2	Jan	4.8	3187
First Nat Fin	N□	93	1.2	1.5	–	Mar	17.1	2571
6.3pc Cv Pf		88	–	6.3%	–	Jul Jan	4.1	2570
7pc Cv Pf		101	–	7.0	–	Jul Jan	4.1	–
Fuji Bank Y		1444¼	1.6	Q17%	2.3	Dec Jan	4.7	–
HSBC HK	□	804xd	–4.1	23.5	ф	Nov Jan	14.3	2795
HSBC (75p Shs)	□	787xd	–3.6	23.5	ф	Nov Jan	14.3	2776
Lloyds	N□	582xd	3.2	22.1	2.1	Oct May	14.2	3171
Mitsubishi Y		£18⅞	1.3	Q17%	2.3	Jun Dec	12'92	5290
Mits Tst & Bk Y		997¼	1.7	Q16%	12.4	Jan Dec	12'92	4775
Mitsui Tst & Bk Y		798¼	6.9	Q17%	5.5	Jan Dec	12'92	5388
Nat Aust A$		684½	1.0	Q60c	1.7	Jul Jan	9.6	–
NatWest	qN□	465xd	3.9	18.5	1.8	Oct May	28.2	3483
Ottomane FFr		£31	0.6	Q158%	2.3	May	12.5	–
Ryl Bk Scotland	[illegible]	437	2.1	11.0	1.9	Feb Jul	13.12	3874
[illegible]								

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

ENGINEERING, VEHICLES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind		£22½	-1.1	0375c	♣	Oct Apr	22.3	-
Barlow		645	13.0	0173c	1.7	Jan Jul	13.12	-
Gold Fields SA R		£14	1.3	0200c	1.5	Mar Sep	31.1	2717
NK Props	♦	90	—	044.7c	0.3	Feb Oct	19.10	-
SASOL	♥	357	2.8	078c	-	Oct	23.9	3619
SA Brews		£13	1.9	0138c	2.2	Dec Jun	13.12	4113
Tiger Oats		788	-3.1	082c	2.9	Jan Feb	28.11	-
Tongaat-Hulett	†	570	-2.2	075c	2.4	Feb Aug	4.1	-

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♣ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✡ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. z Dividend includes a special payment: Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/or rights issue. H Dividend based on prospectus or other official estimates for 1993. K Dividend based on prospectus or other official estimates for 1994. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1993-94. N Figures based on MVR "Headline Earnings". P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: *Additions: Tritast (Distributors)*, Herald Inv Ord & Wrts (Inv Trusts), Alpha Airports (Leisure & Hotels), Chiroscience (Pharms) and Clinical Computing (Supp Servs). Deletion: Healthcare (Health Care)

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An International service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

4 pm close March 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
40½	37⅞	Barnes	1.44	3.2	11	4713	46	45⅞	45⅝	-⅛
12½	4⅞	BatoM	0.05	0.4	112	3093	11¼	11⅛	11¼	+½
57½	43	Bausch	0.88	1.8	18	2116	49½	48¾	49⅛	+⅛
25¼	20	Baxter	1.00	4.2	24	14223	23⅞	23⅛	23¾	+½
32	24⅛	Bay St Gas	1.42	5.3	16	66	26⅞	26½	26⅞	+⅛
25	21	Bd Tr 1838	1.72	8.1		4	21¼	21	21⅛	
30	15	Bear Stms	0.60	2.8	5	2526	22⅞	21½	21½	-⅞
50¼	45½	BearStPfA	2.75	5.5		70	50	49¾	50	
35½	20½	Bearings	0.64	1.8	24	38	34⅞	34	34⅞	+⅞
29⅝	19⅝	Beckman In	0.40	1.5	22	367	27	26⅝	26⅝	-⅛

- A - - B - - C - - D - - E - - F - - G - - H - - I - - J - - K - - L - - M - - N - - O - - P - Q - - R - - S -

Continued on next page

4 pm close March 18

NYSE COMPOSITE PRICES

Continued from previous page

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
30	16⅞	Safeg'd Sc			13	151	29⅞	29½	29⅝	-⅛
24¼	13⅝	SftyKl x	0.36	2.6	7	1755	14	13⅝	13⅞	-⅛
26¼	10⅞	Safeway			25	3648	25⅝	25½	25¾	-⅜
6⅛	2	SafewayW96				71	6	5⅞	6	
57½	37½	StJoePaper x	0.20	[illegible]		132	u57⅞	57	57½	+.71
37⅞	28	StJoeL&P	1.80	6.0	15	27	30	29½	30	+¼
98	75	StPaul	3.00	3.7	8	1175	80⅝	79¾	80⅛	-½
11⅜	6⅛	Salant Crp			10	32	8	8	8	
75¼	39⅞	Sallie Mae	1.40	3.1	9	1015	45½	44⅞	45⅛	-⅞
14⅜	12⅝	Salomon Br	0.34	2.5		422	13½	13⅜	13½	
52¾	34	Salomn x	0.64	1.2	7	3292	52¼	51⅝	51⅞	-⅜
27⅜	22⅞	SnDgGE x	1.52	6.6	12	439	23⅛	23	23⅛	
11⅞	8⅜	SantaFeERs	0.16	1.7	10	1735	9⅝	9½	9⅝	
40¾	35¾	SantaFePac	2.80	7.2	18	120	39⅛	38⅞	39	+⅛
26¼	12¾	SantFeP	0.10	0.4	13	5927	24⅞	24	24⅛	-¾
31⅛	21	SaraLee	0.64	3.0	14	18829	22	21½	21⅝	-⅛
52¼	40⅛	Scana Corp x	2.82	6.0	12	393	46¾	46½	46⅝	-⅛
25¾	16⅞	Scecrp	1.42	8.4	11	14534	17⅜	17	17	-⅜
40½	20⅞	SchrnrfdP			30	154	40¼	39¾	40	-¼
71	51¾	SchrPl	1.80	3.0	14	8093	59⅜	58⅝	59⅛	
68⅞	54⅝	Schlmb	1.20	2.1	24	7979	58⅝	57½	58⅛	-⅜
38⅜	18½	Schwab(C)	0.28	0.9	14	701	30⅝	30	30⅛	
9⅝	5⅝	Schwitzer			25	64	9	9	9	+¼
38⅞	17¾	SciAtl	0.12	0.4	53	1467	31⅝	31	31½	+⅛
16⅞	9⅛	Scotmen	0.10	0.7	14	157	15⅜	15	15¼	
48¾	31	ScottP	0.80	1.7	11	2280	46	45¼	46	+¼
28⅝	14¼	ScuddrNwsF	0.21	0.9		131	23¼	22⅞	23	-½

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

Price data supplied by Telekurs

[illegible]

4 pm close March 18

NASDAQ NATIONAL MARKET

[illegible]

4 pm close March 18

AMEX COMPOSITE PRICES

[illegible]

FT GUIDE TO THE WEEK

21 MONDAY

N Korea atom row deepens

The US has cancelled high level talks with North Korea, which were scheduled to take place in Geneva today. The move follows the refusal of the North Koreans to allow International Atomic Energy Authority officials to complete their inspection of nuclear installations.

The Authority's board of governors is holding a special meeting in Vienna at which it is expected to decide to refer the North Korean nuclear issue to the UN Security Council, which could impose economic sanctions.

Russian partner: Russia, the US and several European countries will for the first time hold large-scale joint naval manoeuvres off Norway. Russia last week announced it was going to join Nato's Partnerships for Peace programme. This aims to draw former Warsaw Pact adversaries closer to the alliance without extending them the full security guarantees that go with full membership.

Global warming: The Rio treaty becomes international law, following ratification by more than 50 countries. Signatories undertake to draw up plans for curbing emissions of so-called greenhouse gases.

Scott inquiry: Alan Moses QC, prosecution counsel in Matrix Churchill trial, begins two days of evidence to Lord Justice Scott's inquiry into arms exports to Iraq.

UK trade figures: The visible trade deficit with non-European Union countries is expected to widen to £800m in February from £785m in January. Whole-world trade figures for December showed a large increase in imports into the UK and a poor export performance, particularly to the EU.

Oscar comes to Hollywood

The 66th annual Academy Awards ceremony takes place today. Steven Spielberg's *Schindler's List* looks the surest bet in years for best film and best director. Also worth a flutter: Tom Hanks for best actor (*Philadelphia*) and Holly Hunter for best actress (*The Piano*). Britain this year may be on the outside looking in. Recent victors Hopkins, Day-Lewis and Thompson are re-nominated but not tipped to win. But Wales's *Hedd Wynn* may triumph as best *foreign film.*

Fading tiger: Experts gather in Geneva to try to co-ordinate programmes to stave off the threat of extinction to the tiger. It is estimated that only 5,000 survive in the wild.

Holidays: Japan, spring equinox national holiday (markets closed). Iran celebrates New Year and puts its clocks forward one hour.

22 TUESDAY

Europe strives to expand

European Union foreign ministers hold another crisis meeting to try to settle the enlargement row. Norway resolved its dispute over fish last week and is now set to join the Union together with Austria and Scandinavian neighbours Finland and Sweden.

However, the applications of all four have been thrown into doubt by Anglo-Spanish objections to proposed changes to the council of ministers voting procedures to take account of the new members. Several compromises are on offer.

Croatia accord: Leaders of Croatia and the self-styled Serb state of Krajina, which takes up one-third of Croatian territory, are due to meet in the Russian embassy in the Croatian capital Zagreb. The two sides have never formally ended their war, which began in 1991 and spilled over into Bosnia.

Russia's envoy Vitaly Churkin, who set up the meeting, hopes to arrange a formal end to hostilities between Zagreb and the Serb separatists, who have close ties with Belgrade. The hope is that widening the scope of the peace will stabilise the region.

US economy: Federal Reserve governors and regional presidents meet in Washington to review monetary policy. Many analysts expect the Fed to raise short-term rates either immediately or in the next few weeks. The likeliest move is a quarter point rise in the federal funds rate to 3.5 per cent, possibly accompanied by *a half point rise in the discount rate,* also to 3.5 per cent.

More flattering US trade figures are in prospect. Starting with the release of January data today, the merchandise trade report will be expanded to include monthly data on trade in services. Last year the US ran a services surplus of $55.7bn, partially offsetting a merchandise deficit of $132.5bn.

Japan's spring wage negotiations, starting today, are expected to bring smaller rises in most sectors than last year, holding down consumer demand.

Hungary's parliament votes on legislation regulating the gas industry. It will prepare for privatisation of the five regional distribution companies.

The country's balance of payments figures are also due out. Both foreign investment flows and the current account deficit are set to break records.

Apprenticeships plan:

David Hunt, UK employment secretary, is to launch a scheme to raise the number of young people trained to skilled crafts level. Training and Enterprise Councils will run 2,000 prototype apprenticeships.

23 WEDNESDAY

Sarajevo roads to open

An agreement between Serb and Moslem leaders to allow the limited opening of roads, linking Serb and government-held areas of Sarajevo is due to come into force.

The agreement, brokered by the United Nations, is hedged with conditions on the movement of civilian traffic because the two sides have not yet reached a *political settlement.*

The deal bans commercial traffic from a city whose 380,000 inhabitants are dependent on humanitarian aid, but if honoured, it will be an important step towards lifting the 23-month Serbian siege of the Bosnian capital.

South Korea and the US are to discuss reviving their joint military exercise, Team Spirit, following the inability of International Atomic Energy Authority officials to complete their inspection of North Korea's nuclear facilities.

Look east Euroman:

Jacques Delors, European Commission president, chairs a brainstorming session at the European Commission aimed at producing ideas for accelerating the political and economic integration of eastern Europe into the European Union.

The European Parliament begins a two-day mini-session in Brussels.

Fraud busters: The UK will unveil an initiative to tackle fraud in the European Union at a meeting of justice ministers in Brussels. The plan is for all 12 member states to adopt similar legal measures.

UK inflation: The retail price index for February will be watched closely for clues as to whether Kenneth Clarke, the chancellor, has room for a further base-rate cut.

The headline inflation rate is expected to fall to 2.2 per cent, from 2.5 per cent in January. Underlying inflation (excluding mortgage interest payments) is expected to fall from 2.8 to 2.6 per cent.

Computer at work: Details of a computerised database to co-ordinate the digging-up of Britain's road are due to be unveiled at a conference in Birmingham. About 8,000 holes are dug every day to repair or lay cables and pipes.

The proposed national register of information on planned street-works hopes to avoid companies digging up the same stretch of road, one after the other.

Football: Dublin: Republic of Ireland play Russia. Belfast: Northern Ireland play Romania. Glasgow: Scotland play The Netherlands. Stuttgart: Germany play Italy.

Holidays: Pakistan National Day.

24 THURSDAY

Franco-German relations

Germany's foreign minister Klaus Kinkel (left) meets France's President François Mitterrand, Prime Minister Edouard Balladur and Alain Juppé, French foreign minister, in Paris. The two sides will doubtless be anxious to smooth over last week's strains in Franco-German relations, following an off-the-record briefing by France's ambassador in Bonn.

South Korean President Kim Young-sam starts a three-day visit to Japan. He is due to meet Prime Minister Morihiro Hosokawa, the Emperor and Empress, and business leaders.

On Sunday, he travels on to China. He will ask Chinese leaders to exert pressure on North Korea to accept nuclear inspections or, if persuasion fails, back sanctions against it.

Safety at sea: European Union transport ministers meet in Brussels to attempt to finalise plans to combat maritime accidents caused by substandard ships.

Emissions standard: European Union environment ministers, meeting in Brussels, are expected to approve a directive cutting car exhaust emissions by half. It will apply to new vehicle types from 1996 and to all new vehicles from 1997 and will bring the EU in line with US federal standards.

Scott inquiry:

Sir Nicholas Lyell, UK attorney general, gives evidence to Lord Justice Scott's arms-for-Iraq inquiry. He will be questioned about the reasons why he agreed to the prosecution of businessmen from the company Matrix Churchill for illegally exporting arms to Iraq, although it is alleged he knew the company had been providing the government with intelligence.

US savings and loans: The House of Representatives' Banking Committee holds a hearing on the semi-annual *report of the Resolution Trust Corporation,* the agency in charge of mopping up the 1980s savings and loan debacle. This includes the affairs of Madison Guaranty, the failed Arkansas savings and loan at the heart of the Whitewater controversy.

Some Republicans may seek to turn the hearings into a Whitewater probe, but it is far from clear whether this will be allowed.

US-North Korean relations are clouded by the dispute over the inspection of North Korea's nuclear plants

25 FRIDAY

Opec considers oil price

Oil ministers from the Organisation of Petroleum Exporting Countries meet in Geneva amid continuing signs of oil price weakness. Analysts say there would have to be a cut of at least 1m barrels a day in the present Opec output ceiling of 24.52m b/d to have any significant impact on prices.

Ugandan poll: In the country's first experiment in democracy since 1980, Ugandans start voting for a constituent assembly (to Mar 27). The assembly will endorse a new constitution and clear the way for parliamentary and presidential elections.

Saleroom: A painting of a defiant stag in the Scottish Highlands by Sir Edwin Landseer is to be offered at *Christie's in London. Scene in Braemar* is equalled only by the famed Monarch of the Glen as an example of the artist's empathy with nature. It carries a top estimate of £1.2m, and is the star lot in an auction of Victorian pictures.

Cricket: Third test match between England and the West Indies begins in Port of Spain, Trinidad (to Mar 30).

Holidays: Greece, national day.

26-27 WEEKEND

Italian general election

Italy votes under a new electoral system on Sunday and Monday.

Boat race: The annual rowing contest between the universities of Oxford and Cambridge takes place on the Thames in London on Saturday.

Passover, the Jewish religious festival, begins on Saturday evening.

Summer time begins in Europe on Sunday. Clocks go forward one hour.

Ukrainian parliamentary elections have a first round on Sunday.

Turkey's municipal elections on Sunday will be a test for prime minister Tansu Ciller.

France stages run-off ballots in local elections on Sunday.

Americas leader: The 32 members of the Organisation of American States vote on Sunday for a head to replace Joao Baena Soares of Brazil.

Football: In the English Coca-Cola Cup Final, Manchester United play Aston Villa at Wembley on Sunday.

Compiled by Patrick Stiles.
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ECONOMIC DIARY

Other economic news

Tuesday: The French trade surplus is expected to fall to FFr7.5bn in January from the very large FFr13.2bn in December. Italian inflation is under control and consumer prices should show only a small increase in March.

Wednesday: The German M3 money supply figure is expected from the Bundesbank any time from Wednesday on. It is forecast to show an annualised rise of 15.0 per cent in the money supply in February, after January's 21.2 per cent increase. The peculiar method of calculation, comparing each month with 1993's fourth quarter average, will continue to produce high rates of growth for some time. Germany's March cost-of-living indices may show subdued inflation.

Thursday: Final estimates of UK gross domestic product in the final quarter of 1993 are unlikely to show a change from the previous estimate of 2.6 per cent annual growth in Q4, but will provide a breakdown of the balance of payments for 1993.

Friday: The UK Confederation of British Industry's monthly survey of manufacturing trends will provide clues as to how optimistic industry is about the recovery.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Monday	US	Feb Treasury budget	$44.0bn	$15.6bn
Mar 21	France	Dec current account	Ffr6.1bn	Ffr3.1bn
	UK	Feb trade balance ex-EC	-£800m	-£785m
	Italy	Mar consumer price index – cities*	0.2%	0.4%
	Canada	Jan retail sales*	-0.3%-0.6%	0.9%
Tuesday	US	FOMC meeting in Washington		
Mar 22		Jan trade balance	-$9.0bn	-$4.0bn
		Jan merchandise trade	$41.3bn	-$9.0bn
		Johnson Redbook		5.8%
	France	Feb consumer price index– final*		0.2%
		Jan trade balance	Ffr7.5bn	Ffr13.2bn
		Feb new housing*		11.0%
	Canada	Jan merchandise trade surplus	C$841m	C$524m
Wed	US	Feb durable orders	-0.5%	3.7%
Mar 23		Feb durable shipments		-0.6%
	France	Feb household constructions*	0.5%	0.9%
	UK	Feb retail price index*	0.4%	-0.4%
	Australia	Feb motor vehicle registrations	2.25%	6.4%
Thursday	US	Initial claims – from Mar 19	340,000	342,000
Mar 24		M1 – from Mar 14	$1.5bn	-$0.4bn
	UK	Fourth quarter GDP – final**	2.6%	2.6%
	New Zealand	Feb trade balance		NZ$67m
Friday	US	Minutes of Feb FOMC meeting		
Mar 25	Japan	Feb consumer price index**	1.1%	1.2%
		Mar consumer price index**	1.4%	1.3%
	UK	Mar CBI monthly distributive trends		
During the week...				
	Japan	Mar trade balance – first 10 days		$2.0bn
		Fourth quarter 1993 GDP	-3.4%	2.0%
		Mar w'sale price index		-0.2%
	Germany	Jan trade balance	DM7.0bn	DM8.5bn
		Jan current account	-DM1.0bn	-DM0.8bn
		Mar cost of living – preliminary*	0.2%	0.3%
		Feb Ifo business climate		91.3
		Feb producer price index*	0.2%	0.4%
		Feb M3 from fourth quarter base	15.0%	21.2%R
	Italy	Jan industrial production*	0.4%	0.9%
		Jan producer price index**	3.7%	3.9%
		Feb Italian bank lending	-0.8%	-1.4%
		Feb M2 – three-monthly average**	7.5%	7.7%
	Denmark	Feb consumer price index*	0.4%	0.0%
	Finland	Feb trade balance	FM3.6bn	FM3.6bn

*month on month, **year on year

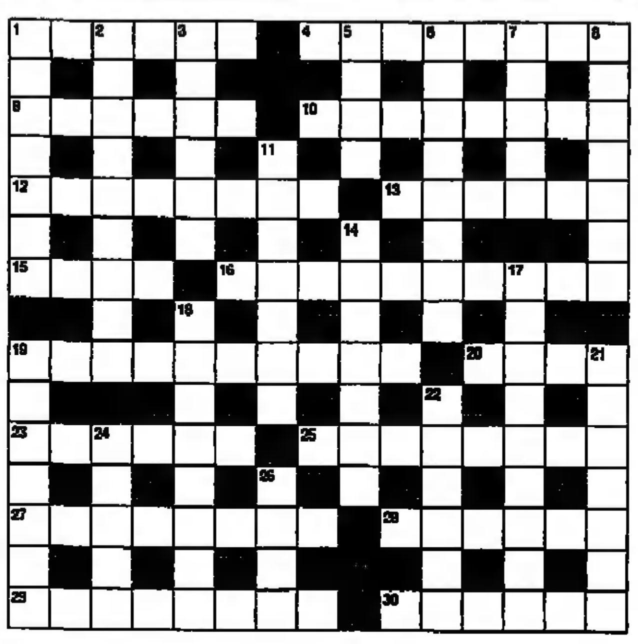
Statistics, courtesy MMS International.

ACROSS

1 The provision of money within reason (6)
4 No saint – a composer of music (5)
9 Recover say in the shower (6)
10 Made up undisturbed (8)
12 Regular study by good man, a hard worker (8)
13 The odd 30 from France (6)
15 To be retrospective is bad (4)
16 Practical when dealing with a certain issue – and clever (10)
19 Fighting men may be made to give their names (3,7)
20 Forced to turn over a cheese (4)
23 Game will find a way to cross a river (6)
25 Give voice about the players, fuming (8)
27 Steady flow at day's end (8)
28 A woman some people remember thankfully (6)
29 They circulate – so they say! (5)
30 Eccentric 13 sisters winning renown (6)

DOWN

1 Note the infallible guide's craft (7)
2 Taking a break, entering a far-distant country (9)
3 Such clothing gets by (6)
5 Nothing is in order – play on this (4)
6 A quiet family man, that's obvious (8)
7 Laid into trendy lot (5)
8 An old writer is rather slow (7)
11 In time coming to accept one is not permanent (7)
14 Goes along with dope – sent inside (7)
17 Stick around mind, working out for a game (9)
18 "They are not long, the weeping and the —" Dowson (8)
19 The board acquiring gold picture (7)
21 Get a man involved – a big business man (7)
22 Calling for private transport always (6)
24 Into oriental exercise, though not very efficient (5)
26 Engineers fix up running water (4)



MONDAY PRIZE CROSSWORD

No.8,409 Set by VIXEN

A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday March 31, marked Monday Crossword 8,409 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Tuesday April 5.

Name...

Address...

....

Winners 8,397

Mrs S.A. Andrew, Bradford-on-Avon, Wiltshire
Peter W. Booth, Watford
Ms L.K. Childs, Droitwich, Worcs
F.W. Fulcher, West Runton, Norfolk
D. Gibson, Dollar, Clackmannanshire
M. Moriai, Winchester, Hampshire

Solution 8,397